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Budget of the International Seabed Authority

Proposed budget for the International Seabed Authority for the financial period 2019–2020

Report of the Secretary-General

I. Introduction

1. The present report sets out the proposed budgetary requirements for the International Seabed Authority for the financial period 2019–2020. The Secretary-General estimates the budgetary requirements of the Authority for 2019 and 2020 at $18,470,900. The estimated amount of $9,636,900 for 2019 comprises $6,236,700 for administrative expenses, $1,542,000 for conference services and $1,858,200 for programme requirements. The estimated amount of $8,833,900 for 2020 comprises $6,051,600 for administrative expenses, $1,542,000 for conference services and $1,240,300 for programme requirements. A summary of the proposed budgetary requirements for the financial period 2019–2020 is provided in annex I.

2. The proposed budget for the period 2019–2020 represents an increase of 7.8 per cent in nominal terms over the approved budget for 2017–2018. This increase may be attributed to an expansion in the substantive workload of the Authority, in particular the need to advance work in relation to programme 2.1 (Development of the regulatory framework for activities in the Area) and the introduction of a new programme 2.7 (Regional environment management plans). At the same time, while programme expenditure is increased, it has been possible to achieve a decrease of 2.1 per cent in the general administrative budget, including a decrease of 21.5 per cent in conference servicing costs. Those reductions are the result of cost-saving measures implemented in 2017 and 2018 (see ISBA/24/FC/8), better planning and monitoring of expenditure with the full implementation of the International Public Sector Accounting Standards (IPSAS) and a more rigorous analysis of the expected budgetary requirements under each line. It should be noted that inflation for 2018, 2019 and 2020 is projected by the Government of Jamaica to be 5 per cent per year on the previous year (source: International Monetary Fund).

* ISBA/24/A/L.1.

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3. The substantive work of the Authority focuses on seven programmes, in line with the priority deliverables endorsed by the Council and the Assembly. Detailed information on the programmes is provided in section III of the present report. As some of the programmes and related activities may overlap, it is proposed that, as in previous budgets, the Secretary-General be authorized to make transfers between appropriate subsections of the administrative budget, between the administrative and programme budget sections and between individual programmes for up to 20 per cent of the amount under each subsection, section or individual programme.

4. The Secretary-General is strongly committed to stabilizing in the long term the general administrative budget, including conference services, at current levels. Programme expenditure in future financial periods will fluctuate according to the priorities of the Authority, with significant reductions expected in some programmes once the development of regulations for exploitation has been completed. Shifting expenditure into programmes also promotes greater transparency and accountability.

II. Summary of administrative budget proposals for the financial period 2019–2020

Section 1. Administrative and conference services expenditure

Subsection 1. Administrative expenditure of the secretariat

Established posts

5. The secretariat must be able to call upon a multi-skilled, versatile and mobile workforce that will work across disciplines to fulfil the Authority's complex and interrelated mandates in an efficient and cost-effective manner. The secretariat currently has 40 established posts and, during the period 2017–2018, continued to build on its human resources framework by implementing the results of the job classification exercise of 2015, adapted to structural changes (see ISBA/23/A/4), aligned the compensation package of internationally recruited staff with that of the United Nations common system (see ISBA/23/FC/2) and implemented a new Performance Management and Appraisal System (ISBA/ST/AI/2017/3). The future workforce will continue to include a core number of experts in law, science and administration to perform long-term functions, supplemented by staff members who will join the secretariat for shorter periods of time on an ad hoc basis.

6. Four additional posts are requested, thereby increasing the total staff of the secretariat to 44, as follows:

(a) A Senior Policy Officer/Special Assistant to the Secretary-General (P-5), to support the Secretary-General in overseeing and ensuring strategic coordination, communication, policy coherence and integration among the Office of Legal Affairs, the Office of Environmental Management and Mineral Resources and the Office for Administrative Services;

(b) A Communications Assistant (G-7), to augment the communications capacity of the Authority by supporting the Senior Policy Officer/Special Assistant to the Secretary-General (P-5) and the Communications Officer (P-4);

(c) An Associate Human Resources Officer (P-2), to support the Human Resources Officer (P-4) by continuing the sustained focus on service orientation and support to the secretariat, as well as responding to additional demands related to staff development, performance management and workforce and succession planning;

(d) A Scientific Officer (Economic Geology) (P-4), starting in 2020, to support the work of the Office of Environmental Management and Mineral Resources,

with a focus on resource assessment and classification and analysis of the economic viability and feasibility of future mining operations. As this post is envisaged from 2020, it is budgeted for at 50 per cent.

7. It is proposed to make provisions for the use of United Nations Volunteers by increasing the funds available under the budget line "general temporary assistance" to enhance diversity of staff and facilitate the quick recruitment and cost-effective employment of international experts. During the financial period 2019–2020, two positions will be assigned to projects managed by the Office for Administrative Services to replace outmoded and fragmented systems with a view to enhancing the Authority's ability to respond to changing requirements. A Junior Professional Officer programme is also under consideration, subject to support from interested members of the Authority.

Consultancies

8. Non-programme consultants will be needed for miscellaneous editing and translation services, information technology and equipment support services.

Common staff costs

9. The common staff costs budget line has consistently been overspent and underbudgeted in previous financial periods. The new compensation package has had an impact on the expenditure in 2017. In order to base the proposed budget for the financial period 2019–2020 on realistic figures, the actual amount of common staff costs for 2017 has been retained, and a 2.5 per cent safety margin has been added to cater for inflation and exchange rate fluctuations.

Training

10. In his report of May 2013 submitted pursuant to article 166, paragraph 4, of the United Nations Convention on the Law of the Sea (ISBA/19/A/2), the Secretary-General stated that there was minimal provision for staff training and professional development within the regular budget of the Authority. Consequently, even though the training budget in 2015–2016 was increased by $10,900 to a total of $63,000, there was no budget increase for the period 2017–2018. Investment in developing and managing talent at all levels of the Authority is inadequate. Current spending on training and development is less than 1 per cent of the administrative budget, which is significantly less than in other comparable organizations. A training budget of $126,000 is therefore proposed for the period 2019–2020, with no overall impact on the administrative budget.

Official travel (non-programme)

11. Travel charged to the administrative budget will include travel not specifically related to a programme. The administrative budget requirement for travel in 2019–2020 is expected to amount to $225,740. These travel expenses include travel by the Secretary-General and senior staff to attend the sessions of the United Nations General Assembly, Meetings of States Parties to the Convention and the annual face-to-face meeting of UN-Oceans, as well as other necessary representational travel.

Intergovernmental conferences

12. A specific budget line has been created to support the Authority's participation in the intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction at its sessions scheduled for 2019 and 2020, and in the United Nations Conference to

Support the Implementation of Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development, to be held in 2020. The amount reserved for this purpose is estimated at $30,000 for each year of the financial period 2019–2020.

Communications

13. The investments made by the Authority in the periods 2013–2014 and 2015–2016 have resulted in efficiency gains and led to a proposed decrease of $44,000 in this budget line.

Library books and supplies

14. Annual subscription costs for periodicals and journals have increased over the past five years by an average of 8 per cent, despite a move to use online resources and other cost-saving measures. The budget in the period 2017–2018 allowed the library to continue to work towards providing access to journal resources and considerably strengthened the research capacity and capability of the library and the resources available to staff. Continued collaboration with the International Tribunal for the Law of the Sea allows for an economical method to gain access to a number of resources. The Authority shares the cost of resources used by both institutions through the United Nations System Electronic Information Acquisition Consortium, which provides access to select legal and scientific resources that would otherwise be prohibitively expensive within the present budget allocation. A safety margin of 5 per cent has been added to the actual expenditure of 2017 to cater for inflation.

Information technology

15. A decrease of $56,000 (44 per cent), to a total of $70,000, is proposed for the financial period 2019–2020. This amount reflects the costs to replace aging switchgear dating back to 2003 ($18,000), the programmed replacement of computers and printers ($23,400) and other information technology costs, including security software, technical management software, unforeseen technical support and unforeseen replacement of hardware ($28,600). Other information technology infrastructure costs, including the procurement of replacement servers with increased processing speed and storage capacity, are treated under IPSAS as acquisition of furniture and equipment and are therefore reflected in the following budget line.

Acquisition of furniture and equipment

16. The increase of $42,600, to a total of $196,000, corresponds to the following items:

(a) Replacement servers ($86,000) and the supply, commissioning and installation of a new cooling system in the server room ($50,000);

(b) One multifunction photocopier ($15,000);

(c) The replacement of small office equipment ($5,000);

(d) New furniture for the expanded office space on the first floor, for use by the conference and protocol services ($40,000).

Redesign of the Authority website

17. The existing Authority website was designed in the 1990s. Its structure and design are no longer adapted to the volume of archival documents that the website has to manage or to the traffic through the site, making it increasingly unwieldy and

difficult to navigate. Provision has been made for a one-off expenditure of $100,000 in 2019 for redesigning the website and transferring the data.

Rental, repairs and maintenance of property and equipment

18. An increase of $11,000, to a total of $35,000, is proposed for the financial period 2019–2020 to cover the rental and maintenance of office equipment and the maintenance and operation of official vehicles. This budget line has been overspent every year since 2013, and the revised figure is a more accurate reflection of actual costs.

United Nations common system

19. The proposed budget of $126,600 is aligned with the expenditure incurred in 2017 and includes costs for services and membership in the International Civil Service Commission, the security management system, the Task Force on Accounting Standards, the Human Resources Network of the United Nations System Chief Executives Board for Coordination, the Staff Pension Committee and the UN Cares programme.

Audit fees

20. The audit fees for the financial period 2019–2020 correspond to the offer made by Ernst & Young in 2017 for four years.

Building management

21. The budget of $744,100 is aligned with the expenditure incurred in 2017 under this budget line. Unforeseen costs will be covered by the savings made on electricity expenditure since January 2018.

Implementation of the International Public Sector Accounting Standards

22. As previously reported to the Finance Committee (see ISBA/23/FC/5), the Authority has adopted IPSAS and has been in the process of implementing these standards, including through training, since 2015. The financial statements of the Authority for 2017 were IPSAS-compliant. Further training is still needed and enterprise resources planning (ERP) needs to be deployed to give the Authority the integrated information system needed to be fully IPSAS-compliant. For that reason, this budget line has been renamed "IPSAS/ERP" and incorporates a budget provision of $80,000 to make the necessary surveys, studies and research on the system required.

Subsection 2. Conference services

23. A major change to the budget format results from the presentation of the provision for conference services by nature of expenditure instead of by organ of the Authority. This change will allow for better planning and future reporting and will increase transparency and accountability. A thorough review of conference services costs has been carried out and is reported on separately (see ISBA/24/FC/8). The budgetary requirements for the financial period 2019–2020 are based on the actual expenditure incurred in 2017, with a 5 per cent increase to cater for inflation and exchange rate fluctuations. An annual provision of $110,000 has been added to the budget line "documentation" to cover the cost of generating the additional documents expected under programme 2.1, that is, primarily, the translation of the draft exploitation code. Despite this exceptional expenditure, an overall decrease of 21 per cent is proposed in this section of the budget.

III. Summary of programme budget proposals for the financial period 2019–2020

Section 2. Programme expenditure

Programme 2.1
Development of the regulatory framework for activities in the Area

Overall orientation

24. In March 2018, the Council held the first substantive discussion on the draft regulations on exploitation of mineral resources in the Area, including financial terms. This followed two years of preparatory work, leading up to the consultation of stakeholders on a consolidated set of draft regulations in 2017. Experts from the Massachusetts Institute of Technology were also engaged to develop a financial and economic model to inform the development of financial terms for exploitation. The Authority will continue to develop the regulatory framework throughout 2019 and 2020. The secretariat will support the work of the Council and the Legal and Technical Commission by producing expert studies, analyses and revisions of the draft regulations, as required. In this connection, the Council and the Commission have requested that, in order to aid their discussions, specific studies be conducted on the following topics:

(a) The further development of the financial model and payment mechanism, with continued engagement of the Massachusetts Institute of Technology;

(b) The development of equitable sharing criteria;

(c) The potential impact of mineral production from the Area on the economies of developing land-based producers of the same minerals, in accordance with section 1, paragraph 5 (e), of the annex to the 1994 Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982.

25. In addition, the Assembly requested in its decision ISBA/23/A/13 that the Legal and Technical Commission continue to address the question of the operationalization of the Enterprise as an important matter in the light of developments with respect to deep-sea mining.

Objectives of the Authority

26. The objective of the Authority is to adopt rules, regulations and procedures covering all phases of deep-sea mineral exploration and exploitation, developed on the basis of best available information and in line with the policies, objectives, criteria, principles and provisions set out in the Convention and 1994 Agreement, including a regulatory framework for the protection of the marine environment from harmful effects that may arise from activities in the Area. In section C, paragraph 2, of its decision ISBA/23/A/13, the Assembly emphasized the importance of universal participation in the course of the development of rules and regulations on deep-sea mining, in particular the participation of developing States.

Expected accomplishments of the Authority

27. Expected accomplishments include:

(a) The continued development of the regulations on exploitation of mineral resources in the Area, with a view to their adoption by the relevant organs of the Authority;

(b) The development and adoption of a system of payments and corresponding rates of payment based on the evolution of the financial model under discussion by the Council and expected contractor business plans;

(c) The development of technical and administrative guidance to support the regulatory framework, including guidance and templates for environmental management and monitoring plans and closure plans;

(d) The development of an environmental impact assessment process and environmental impact statement (environmental impact statement manual), for adoption by contractors;

(e) The development of equitable sharing criteria for the distribution of financial and other economic benefits derived from activities in the Area;

(f) The conduct of a study of the potential impact of mineral production from the Area, in accordance with section 1, paragraph 5 (e), of the annex to the Agreement, and the development of possible criteria for economic assistance;

(g) Continued work on the development of a business model for the operationalization of the Enterprise.

Budgetary requirements

28. Programme 2.1 will be implemented under the direction of the Office of Legal Affairs. Substantive input to the development of expert studies and analyses will be provided through a combination of in-house expertise and consultants. Events planned during the financial period will include workshops on equitable sharing criteria and the development of standards and guidelines, as requested by the Legal and Technical Commission. It is likely that an ad hoc working group will be established to advance work on the payment mechanism and financial terms. Workshop budgets will include provisions to ensure the participation of representatives of developing States, as requested by the Assembly. A travel budget is required to attend workshops, meetings and international conferences related to the legal and technical aspects of the formulation and adoption of exploitation regulations. A budget for external printing is required to publish workshop outputs as ISA technical studies and for communications to members of the Authority.

Table 1
Programme 2.1: Summary of budgetary requirements

Programme 2.1	*Development of the regulatory framework for activities in the Area*	*2019*	*2020*	*Total*
	Consultants	260 000	40 000	300 000
	External printing	15 000		15 000
	Travel	25 000	25 000	50 000
	Workshops	185 000	190 000	375 000
	Total, programme 2.1	**485 000**	**255 000**	**740 000**

Programme 2.2
Protection of the marine environment

Overall orientation

29. Programme 2.2 is devoted to the implementation of tools and methodologies to ensure the protection of the marine environment in the Area. It is closely associated with programme 2.7, which addresses the establishment of regional environmental

management plans, and programme 2.5, dedicated to the promotion and encouragement of marine scientific research in the Area. Programme 2.2 is primarily aimed at the implementation of regional environmental management plans, in line with the fundamental obligation under article 145 of the Convention, whereby measures are to be taken with respect to activities in the Area to ensure effective protection for the marine environment from harmful effects that may arise from such activities. During the financial period 2019–2020, the programme will be oriented towards the tools necessary to implement the environmental management plan for the Clarion-Clipperton Fracture Zone, adopted in 2012. Programme 2.7 will focus on the development of similar plans for the same mineral in other areas, such as polymetallic nodules in the Central Indian Ocean Basin.

Objectives of the Authority

30. The Authority's strategy is to implement a robust framework of environmental protection measures to ensure that deep-sea mining is carried out in a responsible manner and in such a way as to minimize the negative impacts of mining. The general objective of programme 2.2 is to provide a characterization of the living resources and their habitats found in the Area and to implement ecological management tools, including area-based management tools, in the context of environmental management plans at the local and regional levels. Specific objectives are:

(a) Defining and characterizing the natural living resources found in those parts of the Area that may be subject to mining activities;

(b) Standardizing the method of quantification and classification of the living resources found in the Area, including in guidance to contractors, such as ISBA/19/LTC/8 and ISBA/21/LTC/15;

(c) Defining and characterizing the habitats where the living resources are found, to ensure their protection and recovery (as requested from contractors in ISBA/19/LTC/8, paras. 15, 32 and 33 and annex I, and ISBA/21/LTC/15, annex II, sect. IV);

(d) Defining and characterizing biogeographical patterns in areas of potential mining activity;

(e) Providing ecological and environmental reports to the Legal and Technical Commission and to the general public, to ensure transparency on the initiatives to protect the marine environment and to implement the provisions of article 165 of the Convention.

31. The Authority intends to implement programme 2.2 through a series of workshops on baseline data requirements and their statistical robustness, to be organized with the help of external consultants. Each workshop is expected to result in the preparation of technical papers by the secretariat. Since meiofauna is the only component of the deep sea fauna that occurs in densities high enough to allow for the collection of baseline data likely to suffice for a statistically robust environmental impact statement, future efforts under this programme will concentrate on improving the contractors' taxonomical abilities to collect high-quality baseline data on meiofauna. To achieve this, the Authority intends to create an interactive and freely accessible website, the "Meiofauna Catalogue", that will summarize all information available on meiofauna species of the deep sea and thus be able to reach out to a larger audience than the two existing atlases. The scientific value of the Meiofauna Catalogue is expected to aid both the contractors' baseline studies and region-wide analyses.

Expected accomplishments

32. Expected accomplishments include:

(a) The organization of a technical workshop on baseline data requirements necessary for carrying out successful environmental impact assessments;

(b) The establishment of scientific curator committees, as requested by the Legal and Technical Commission in the environmental management plan for the Clarion-Clipperton Fracture Zone (ISBA/17/LTC/7, para. 47);

(c) Biannual reporting on the synthesis of environmental data for the public domain using data provided by contractors and international collections (see ISBA/17/LTC/7, para. 52);

(d) Two workshops to define and evaluate the statistical robustness of baseline studies and the identification of living resources for different mineral deposits, respectively (in 2019 and 2020). These evaluations should ensure that data provided by contractors and international collections have been collected according to the same standards and use the same taxonomy.

Budgetary requirements

33. The creation of the Meiofauna Catalogue will require the Authority to contract external consultants to design the platform that will host information on the three larger taxa (Foraminifera, Nematoda, and Copepoda), as well as for software programming and implementation. Dedicated funding will also be needed for the establishment and operations of three scientific curator committees, in accordance with the request made by the Legal and Technical Commission (ISBA/17/LTC/7, para. 47), which will be in charge of reviewing incoming data and ensuring the validity and accuracy of metadata. A travel budget is required to ensure participation in appropriate international events directly related to one or more of the specific objectives of the programme. The organization of the workshops requires allocating around $60,000 per year, in addition to an annual budget for external printing of $10,000.

Table 2
Programme 2.2: Summary of budgetary requirements

Programme 2.2	*Protection of the marine environment*	*2019*	*2020*	*Total*
	Consultants	140 000	140 000	280 000
	External printing	10 000	10 000	20 000
	Travel	12 000	12 000	24 000
	Workshops	63 000	63 000	126 000
	Total, programme 2.2	**225 000**	**225 000**	**450 000**

Programme 2.3
Contract Management Unit

Overall orientation

34. The Contract Management Unit was established in 2017. Its main function is to improve internal coordination within the secretariat by overseeing all contracts issued by the Authority for activities in the Area. This includes processing new applications for plans of work for exploration and exploitation, conducting the periodic review of plans of work, as required under applicable regulations, and monitoring the

implementation of approved plans of work to ensure that contractual obligations are fulfilled, including the submission of annual reports. The Contract Management Unit, through a dedicated Training Coordinator, also oversees contractor training programmes and other capacity-building initiatives, such as the Endowment Fund for Marine Scientific Research and the Authority's internship programme.

Objectives of the Authority

35. The objective during the financial period 2019–2020 is to continue to build on the work done in 2017 and 2018 by increasing the efficiency and effectiveness of contract management, while reducing the costs to the organization. A major effort will be made to document processes and introduce more efficient working methodologies for contract management, including a review of annual reports and the conduct of periodic reviews. In relation to capacity-building, the objective is to improve the delivery of capacity-building programmes through the systematic evaluation of past successes and failures, and to increase the availability of such programmes through more proactive outreach to partner institutions. In the light of comments made on the draft strategic plan of the Authority, an international workshop will be convened to assess the needs of developing States in terms of capacity-building.

Expected accomplishments

36. Expected accomplishments include:

(a) The timely and efficient processing of applications for approval of plans of work for exploration;

(b) Establishing and maintaining a definitive registry of contracts, in accordance with international best practice, that will form the basis for a future seabed mining register;

(c) Documenting processes for all administrative functions associated with contract management;

(d) Holding annual meetings of contractors to improve coordination and communication, as well as reporting practices;

(e) Developing a strategy and consistent documentation for the management of capacity-building programmes, including a complete database of candidates and trainees, as well as appropriate monitoring strategies and indicators of success;

(f) Issuing a report on and an analysis of the effectiveness of the Authority's capacity-building strategy;

(g) Convening an international workshop to assess the needs of developing States in in terms of capacity-building;

(h) Increasing partnerships with universities, scientific research institutions and other bodies to provide training programmes related to the Authority's mandate to qualified persons from developing States;

(i) Improving the Authority's internship programme by obtaining external funding that can be used to sponsor qualified applicants and by providing more targeted programmes.

Table 3
Programme 2.3: Summary of budgetary requirements

Programme 2.3	*Management of contracts*	*2019*	*2020*	*Total*
	Consultants	15 500	5 000	20 500
	External printing	5 000	5 000	10 000
	Travel	16 000	16 000	32 000
	Workshops	85 000	15 000	100 000
	Total, programme 2.3	**121 500**	**41 000**	**162 500**

Budgetary requirements

37. A dedicated budget will be required to support the holding of one meeting of contractors per year and one international workshop to assess the needs of developing States in terms of capacity-building. In addition, the budget allocated to programme 2.3 will be used to produce technical reports and conduct periodic reviews.

Programme 2.4
Data management

Overall orientation

38. In July 2015, the Council recognized in its decision ISBA/21/C/20 the importance of developing a data management strategy for the Authority. The programme on data management has been implemented by the Office of Environmental Management and Mineral Resources since 2017 and the launch of a new database is planned before the end of 2018. The Office contracted Exa Data and Mapping Services, Inc. to assist the data management team with achieving the stated objectives.

39. During the adaptive management process under the development contract, it has become apparent that additional modules and services are necessary to respond to specific data management, storage and retrieval requests. Members of the data task team of the Legal and Technical Commission expressed an interest in the inclusion of additional features to assist the Authority in delivering its mandate. The additional tasks were proposed at this juncture of the project to leverage the momentum of current software and database development efforts. While maintaining the domain knowledge, personnel and intrinsic development environments required to execute the additional tasks will ensure increased efficiency.

Objectives of the Authority

40. The objective of programme 2.4 is to provide a set of frameworks that will enable the Authority to manage its data sets proactively. This, in turn, will enable it to deliver its functions as set out in article 145 of the Convention more effectively.

Expected accomplishment

41. The expected accomplishment is the development of an institutional policy framework with an updated central data repository. There will be a physical and virtual place for international collaboration (data sharing and analyses). This organized data and information platform will provide the basis for the inclusion of data and metadata in the public domain. Primary indicators of success include a well-organized database with the Authority's existing data readily available, as well as information found on the Internet, the upgrading of software and hardware to enable

efficient data management (i.e., database functionality), physical and virtual space for collaboration activities on data collection, including activities to generate useful outputs from organized data, and new capacity-building activities for developing countries.

Table 4
Programme 2.4: Summary of budgetary requirements

Programme 2.4	*Data management (resource and environment)*	*2019*	*2020*	*Total*
	Consultants	140 000		140 000
	Workshops	75 000	75 000	150 000
	Maintenance and support	41 500	41 500	83 000
	Total, programme 2.4	**256 500**	**116 500**	**373 000**

Budgetary requirements

42. A consultancy budget is required to design additional modules to the databases, configure the hardware, programme the software and maintain the databases. A budget is also required for two workshops on data acquisition and management, one for contractors and one for the members of the Legal and Technical Commission.

Programme 2.5
Promotion and encouragement of marine scientific research in the Area

Overall orientation

43. Under article 143 of the Convention, States parties are to ensure that programmes are developed through the Authority or other international organizations, as appropriate, for the benefit of developing States and technologically less developed States, and to effectively disseminate the results of research and analysis through the Authority or other international channels. By promoting international scientific research specifically aimed at mineral resources in the Area, programme 2.5 will also contribute to the implementation of programmes 2.2 and 2.7. Under programme 2.5, the Authority will collaborate in conducting an international research cruise to gather essential data from the areas of particular environmental interest in the Clarion-Clipperton Fracture Zone, documenting the results of the cruise and including scientists from developing countries and representatives of other UN-Oceans agencies on board.

Objectives of the Authority

44. The objectives of programme 2.5 are:

(a) Promoting and encouraging the conduct of marine scientific research in the Area and disseminating the results of such research and related analyses to stakeholders;

(b) Encouraging collaborative efforts among contractors in the development of marine technology relevant to activities in the Area (implemented through programme 2.3);

(c) Issuing technical studies and reports on the technology for prospecting and exploration for and exploitation of polymetallic nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts in the Area;

(d) Monitoring trends and developments relating to world metal market conditions and the prices of metals found in the three mineral resources.

Expected accomplishments

45. The primary accomplishment during the financial period 2019–2020 will be to organize and conduct a United Nations research cruise to the areas of particular environmental interest in the Clarion-Clipperton Fracture Zone through multi-stakeholder collaboration with the industry, UN-Oceans and civil society. The objectives of this cruise are: (a) to work with leading institutions and scientists to collect much-needed environmental baseline data in those areas; (b) to promote marine scientific research and the transfer of scientific knowledge to developing States; and (c) to facilitate the implementation of voluntary commitments for the achievement of Sustainable Development Goal 14. The proposed research cruise will be carried out in collaboration with Maersk Supply Services and will be coordinated by a steering committee of external experts, including representatives of leading scientific institutions, such as the World Maritime University, and interested organizations of the United Nations system that are members of UN-Oceans, such as the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization, the Convention on Biological Diversity, the Food and Agriculture Organization of the United Nations, the International Atomic Energy Agency, the International Labour Organization, the International Maritime Organization, the United Nations Environment Programme, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and the World Meteorological Organization. Each participating organization will be invited to nominate two or three trainees from developing States.

46. Other accomplishments of the Authority planned for the period 2019–2020 include:

(a) Organizing a workshop on a geological model for polymetallic sulphide resources. The programme will run until 2020 and could be followed by a workshop to present the geological model to contributors and member States. In the course of the programme, a midterm meeting will be held to review the status of the data obtained and efforts to date and to take decisions on the future direction of the programme;

(b) Issuing technical studies and reports on the technology for prospecting and exploration for and exploitation of polymetallic nodules, polymetallic sulphides and cobalt-rich ferromanganese crusts in the Area;

(c) Reporting on trends and developments in world metal market conditions and prices.

Table 5
Programme 2.5: Summary of budgetary requirements

Programme 2.5	*Promotion and encouragement of marine scientific research in the Area*	*2019*	*2020*	*Total*
	Consultants	46 435	34 000	80 435
	External printing	17 450	33 000	50 450
	Travel	21 505	55 000	76 505
	Workshops	105 825	10 825	116 650
	Training	50 000	50 000	100 000
	Total, programme 2.5	**241 215**	**182 825**	**424 040**

Budgetary requirements

47. A research cruise typically costs $1.5 million to $2 million for 20 to 28 days, with ship time being particularly expensive. Under programme 2.5, the Authority will collaborate with Maersk Supply Services and DeepGreen to use an appropriate research vessel at no additional cost to the Authority. Participating United Nations organizations will cover their own expenses for transport and equipment. The Authority will cover airfare, hotels and terminal expenses for trainees from developing countries. A workshop to synthesize the data collected during the cruise will be also organized by the Authority to promote outreach in developing countries. The cost of subsequent data handling, analysis and publication and that of publicizing the results on a dedicated website and reporting through UN-Oceans are expected to amount to $80,000 over the biennium.

Programme 2.6
Outreach activities

Overall orientation

48. The overall orientation of programme 2.6 is to maximize the support that the Authority provides to its members by proactively communicating with stakeholders and other interested parties to inform them of issues related to the Convention and of the priorities and activities of the Authority. These outreach activities include cooperation with other organizations in the United Nations system on matters within the mandate of the Authority, including the Intergovernmental Oceanographic Commission in relation to the preparation phase of the United Nations Decade for Ocean Science for Sustainable Development.

49. The Authority has an important role to play in the implementation of the 2030 Agenda for Sustainable Development, in particular Sustainable Development Goal 14 and the associated targets. It is of the utmost importance that the Authority articulate and project the relevance of its work in that context. Outreach activities of the Authority should include communication with and engagement of specific target audiences and the general public so as to: (a) increase awareness of the Authority's impact and results through engaging with national, regional and international media; (b) keep stakeholders up to date on the status of the implementation of the Authority's activities; (c) leverage the capacity of partners so as to promote the value of the Authority's work, including utilizing partners' communication channels, networks and opportunities; (d) increase brand visibility through coordinated communication efforts and presence at appropriate events; and (e) identify and make available audience-appropriate communication tools to members, observers and other relevant stakeholders. The main vehicles for execution will be the Authority's website, mobile applications, information seminars and joint projects and activities conducted in cooperation with the United Nations and other relevant international organizations.

Objectives of the Authority

50. The main objectives of programme 2.6 are to advance the mission of the Authority by enhancing the visibility, credibility and impact of its activities and ensuring the effective dissemination of information to, and feedback from, its main target groups.

Voluntary commitments

51. The Authority actively contributed to the work and discussions of the United Nations Conference to Support the Implementation of Sustainable Development Goal 14, held in New York from 5 to 9 June 2017. On that occasion, the Authority registered

a series of voluntary commitments to: (a) enhancing the role of women in marine scientific research; (b) encouraging the dissemination of research results through the International Seabed Authority Secretary-General awards for deep-sea research excellence; (c) improving the assessment of essential ecological functions of the deep-sea oceans through long-term underwater oceanographic observatories in the Area; and (d) enhancing the assessment of deep-sea marine biodiversity through the creation of online taxonomic atlases linked to deep-sea mining activities in the Area. Additional voluntary commitments were also registered that involved partnerships with other agencies, notably the Department of Economic and Social Affairs of the United Nations Secretariat ("Abyssal initiative for Blue Growth: advancing SDG14 and the quest for a Blue Economy through the promotion of socioeconomic benefits for developing countries, including SIDS, and increasing scientific knowledge and research capacity") and the African Minerals Development Centre and GRID-Arendal ("Fostering cooperation to promote the sustainable development of Africa's deep seabed resources in support to Africa's Blue Economy" and "Mapping the Blue Economy of Africa to support decision-making, investment and governance of activities undertaken on the extended continental shelf and in adjacent international seabed areas").

Information seminars

52. The Authority will continue to organize, in partnership with its members, information seminars in host countries to raise awareness and improve understanding of its mandate and work as they relate to the interest of national authorities and regional bodies in deep-seabed mining. Such seminars are aimed at bringing together experts from the international legal and scientific community with national and regional government officials, scientists, researchers and academics to discuss scientific research on marine minerals and proposing mechanisms for improving regional cooperation in scientific research and marine mineral development. Topics covered in the seminars include the status of the legal regimes established for the recovery of minerals, the types of minerals found in the Area, resource evaluation, protection and preservation of the marine environment from prospecting, exploration and mining, and capacity-building.

Expected accomplishment

53. The expected accomplishment of the Authority during the financial period 2019–2020 is to ensure greater participation by member States and stakeholders following the development and implementation of a communications and stakeholder engagement strategy.

54. The indicators of achievement will include the following:

(a) A communications and stakeholder engagement strategy that is well aligned with and support the Authority's strategic directions and business plan;

(b) Improved awareness and understanding of the Authority's work and impact through communication activities with national, regional and international media;

(c) Improved brand recognition through coordinated communication efforts, consistent corporate identity and increased participation in and presence at appropriate events;

(d) Promotion of the mission, work and results of the Authority through collaboration with partners, including leveraging their communication channels, networks and opportunities.

55. A communications unit will be established within the secretariat to coordinate and initiate engagement with the media and relevant stakeholders. The communications unit will formulate and coordinate a communications and stakeholder engagement strategy and carry out a communications campaign and outreach activities to support the goals and strategic directions of the Authority.

Budgetary requirements

56. Activities will be designed and implemented to advance the voluntary commitments registered by the Authority at the United Nations Conference to Support the Implementation of Sustainable Development Goal 14 held in 2017. Three information seminars will be organized, with the State providing the facility for the seminar free of charge. For the seminars, a travel budget is required for staff and experts. Dedicated resources are also required to support the development of tailored communications campaigns and tools to advance the Authority's mission; enhance the visibility, credibility and impact of the Authority's strategic objectives and activities; and ensure effective dissemination of information to and feedback from its main target groups, in particular in the margins of major events (e.g., the intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction and the United Nations Conference to Support the Implementation of Sustainable Development Goal 14 to be held in 2020).

Table 6
Programme 2.6: Summary of budgetary requirements

Programme 2.6	*Outreach activities*	*2019*	*2020*	*Total*
	Consultants	60 000		60 000
	External printing	39 000	20 000	59 000
	Travel	15 000	15 000	30 000
	Workshops	70 000	40 000	110 000
	Total, programme 2.6	**184 000**	**75 000**	**259 000**

Programme 2.7
Regional environmental management plans

Overall orientation

57. In 2012, the Council approved the first regional environmental management plan for the Clarion-Clipperton Fracture Zone. The implementation of such a plan is one of the measures required to ensure effective protection of the marine environment from harmful effects that may arise from activities in the Area. At its meetings in March 2018, the Council approved a proposed strategy for the development of regional environmental management plans in other areas subject to mineral exploration activities. Priority areas identified by the Council included the Mid-Atlantic Ridge, the Indian Ocean Triple Junction Ridge and nodule-bearing province, and the North-west Pacific and South Atlantic for seamounts. In 2018, work commenced on the development of regional environmental management plans for the cobalt crust-bearing region in the Pacific Ocean as well as for polymetallic sulphide deposits on the mid-ocean ridges.

Objectives of the Authority

58. This new programme will include a series of activities to create regional environmental management plans for each of the minerals in the Area with exploration contracts. The programme will be based on a series of international workshops involving scientific experts, member States, relevant international organizations, contractors with the Authority and civil society, with a view to developing such plans for all three types of mineral resource currently regulated by the Authority.

59. The workshops will include the following:

(a) Two workshops relating to regional environmental management plans for polymetallic massive sulphides, based on the road map to be drawn up at the workshop to be held by the Authority from 27 to 29 June 2018 in Szczecin, Poland;

(b) One workshop in 2020 to further review the implementation of the regional environmental management plan for the Clarion-Clipperton Fracture Zone;

(c) Two workshops, to be held in 2019 and 2020, respectively, to advance the development of a regional environmental management plan for the cobalt-rich ferromanganese crust province of the North-west Pacific Ocean, based on the road map created by the preliminary workshop held from 26 to 29 May 2018 in Qingdao, China.

Budgetary requirements

60. Dedicated funding will be required to support the organization of five international workshops during the financial period 2019–2020 in order to meet the objectives identified by the Council and to ensure the broadest possible participation. The funds allocated to programme 2.7 also include support for consultancy fees, data collection and analysis and the cost of issuing technical studies and reports.

Table 7
Programme 2.7: Summary of budgetary requirements

Programme 2.7	*Regional environment management programmes*	*2019*	*2020*	*Total*
	Consultants	75 000	75 000	150 000
	External printing	30 000	30 000	60 000
	Travel	30 000	30 000	60 000
	Workshops	210 000	210 000	420 000
	Total, programme 2.7	**345 000**	**345 000**	**690 000**

IV. Scale of assessments for the contributions to the budget made by members of the Authority

61. In accordance with the Convention and the 1994 Agreement, the administrative expenses of the Authority are to be met by assessed contributions made by its members until the Authority has sufficient funds from other sources to meet those expenses. Funds from other sources currently comprise annual overhead charges paid by contractors. At the current rate of $47,000, this income is estimated at $1,363,000 per year for 2019 and 2020, accounting for 14.76 per cent of total budgetary requirements. The Authority's scale of assessments is based on the corresponding scale for the regular budget of the United Nations for the years 2016 to 2018, adjusted

to reflect the differences in membership between the Authority and the United Nations.

62. Since the scale of assessments for contributions to the budget of the Authority for 2019 and 2020 will be based on the scale for the regular budget of the United Nations for the years 2016 to 2018, it is recommended that the maximum assessment rate for the budget of the Authority remain at 22 per cent, with the minimum rate remaining at 0.01 per cent. Annex II contains an overview of the income and expenditure of the Authority.

V. Recommendations

63. Pending the review of the proposed budget by the Finance Committee, the Council and the Assembly are invited to:

(a) Approve the budget for the financial period 2019–2020 in the amount of $18,470,900, as proposed by the Secretary-General;

(b) Take note of the significant reduction in conference services costs and the transfer of the resources made available by those savings to the substantive programmes of the Authority;

(c) Authorize the Secretary-General to establish the scale of assessments for 2019 and 2020 on the basis of the scale used for the regular budget of the United Nations for 2016, 2017 and 2018, taking into account that the ceiling assessment rate will be 22 per cent and the floor rate 0.01 per cent;

(d) Also authorize the Secretary-General, for 2019 and 2020, to transfer up to 20 per cent of the amount under each subsection, section or individual programme between appropriations of the administrative budget and between individual programmes.

Annex I

Proposed budgetary requirements for the International Seabed Authority for the period from 1 January 2019 to 31 December 2020

(United States dollars)

	Budget				*Variation*	
	Approved for 2017–2018	*2019*	*2020*	***Total, 2019–2020***	*Amount*	*Percentage*
Budget line	*(1)*	*(2)*	*(3)*	*(4)=(2)+(3)*	*(5)=(4)–(1)*	*(6)=[(5)÷(1)]x100*
Section 1. Administrative and conference services expenditure						
Subsection 1. Administrative expenditure of the secretariat						
Established posts	6 200 000	3 570 231	3 570 231	7 140 461	940 461	15.2
General temporary assistance	31 500	35 412	35 412	70 825	39 325	124.8
Overtime	71 600	33 564	33 564	67 129	-4 471	-6.2
Consultants (non-programme)	21 000	15 000	15 000	30 000	9 000	42.9
Common staff costs	3 080 000	1 314 681	1 314 681	2 629 362	-450 638	-14.6
Training	63 000	63 000	63 000	126 000	63 000	100.0
Official travel (non-programme)	187 800	112 871	112 871	225 741	37 941	20.2
BBNJ/Ocean Conference (2020)		30 000	30 000	60 000	60 000	
Communications	200 700	78 329	78 329	156 659	-44 041	-21.9
Library books and supplies	136 000	71 400	71 400	142 800	6 800	5.0
External printing (non-programme)	22 000	16 626	16 626	33 252	11 252	51.1
Supplies and materials	80 300	48 449	48 449	96 897	16 597	20.7
Official hospitality	23 500	15 831	15 831	31 661	8 161	34.7
Information technology	125 900	34 969	34 969	69 939	-55 961	-44.4
Acquisition of furniture and equipment	154 000	131 000	65 000	196 000	42 000	27.3
Redesign of Authority website		100 000		100 000	100 000	
Rental and maintenance of furniture and equipment	24 000	17 407	17 407	34 814	10 814	45.1
United Nations common system	166 000	63 317	63 317	126 633	-39 367	-23.7
Miscellaneous services	112 500	45 787	45 787	91 573	-20 927	-18.6
Audit fees	40 000	16 800	17 640	34 440	-5 560	-13.9
Buildings management	828 000	372 062	372 062	744 123	-83 877	-10.1
Article 154 review and related costs	80 000			0	-80 000	-100.0
IPSAS/ERP	120 000	50 000	30 000	80 000	-40 000	-33.3
Subtotal, subsection 1	**11 767 800**	**6 236 735**	**6 051 575**	**12 288 310**	**520 510**	**4.4**
Subsection 2. Cost of conference services						
United Nations staff salaries		9 400	9 400			
Printing and supplies		500	500			
Miscellaneous conference service costs		47 000	47 000			
Staff travel		291 200	291 200			
Rental of conference centre		53 400	53 400			
Temporary assistance (meetings)		52 700	52 700			

	Budget				Variation	
	Approved for 2017–2018	*2019*	*2020*	***Total, 2019–2020***	*Amount*	*Percentage*
Budget line	*(1)*	*(2)*	*(3)*	*(4)=(2)+(3)*	*(5)=(4)–(1)*	*(6)=[(5)÷(1)]x100*
Rental of equipment		3 000	3 000			
Local transportation		2 800	2 800			
Meeting services	3 930 000	455 000	455 000			
Documentation		615 700	615 700			
Reception		11 300	11 300			
Subtotal, subsection 2	**3 930 000**	**1 542 000**	**1 542 000**	**3 084 000**	**-846 000**	**-21.5**
Total, section 1	**15 697 800**	**7 778 735**	**7 593 575**	**15 372 310**	**-325 490**	**-2.1**
Section 2. Programme expenditure						
Programme 2.1: Development of the regulatory framework for activities in the Area						
Consultants	90 400	260 000	40 000	300 000	209 600	231.9
External printing	12 400	15 000		15 000	2 600	21.0
Travel	91 200	25 000	25 000	50 000	-41 200	-45.2
Workshops	120 800	185 000	190 000	375 000	254 200	210.4
Total, programme 2.1	**314 800**	**485 000**	**255 000**	**740 000**	**425 200**	**135.1**
Programme 2.2: Protection of the marine environment						
Consultants	38 800	140 000	140 000	280 000	241 200	621.6
External printing	12 400	10 000	10 000	20 000	7 600	61.3
Travel	15 200	12 000	12 000	24 000	8 800	57.9
Workshops	120 800	63 000	63 000	126 000	5 200	4.3
Total, programme 2.2	**187 200**	**225 000**	**225 000**	**450 000**	**262 800**	**140.4**
Programme 2.3: Management of contracts						
Consultants		15 500	5 000	20 500	20 500	
External printing		5 000	5 000	10 000	10 000	
Travel	30 400	16 000	16 000	32 000	1 600	5.3
Workshops	6 100	85 000	15 000	100 000	93 900	1 539.3
Total, programme 2.3	**36 500**	**121 500**	**41 000**	**162 500**	**126 000**	**345.2**
Programme 2.4: Data management (resource and environment)						
Consultants	306 200	140 000		140 000	-166 200	-54.3
External printing	30 300			0	-30 300	-100.0
Travel	28 000			0	-28 000	-100.0
Workshops		75 000	75 000	150 000	150 000	
Information technology	209 400			0	-209 400	-100.0
Central data repository				0		
Maintenance and support	35 900	41 500	41 500	83 000	47 100	131.2
Total, programme 2.4	**609 800**	**256 500**	**116 500**	**373 000**	**-236 800**	**-38.8**
Programme 2.5: Promotion and encouragement of marine scientific research in the Area						
Consultants	19 400	46 435	34 000	80 435	61 035	314.6

	Budget				Variation	
	Approved for 2017–2018	*2019*	*2020*	***Total, 2019–2020***	*Amount*	*Percentage*
Budget line	*(1)*	*(2)*	*(3)*	*(4)=(2)+(3)*	*(5)=(4)-(1)*	*(6)=[(5)÷(1)]x100*
External printing	12 400	17 450	33 000	50 450	38 050	
Travel	15 200	21 505	55 000	76 505	61 305	403.3
Workshops	120 800	105 825	10 825	116 650	-4 150	-3.4
Training		50 000	50 000	100 000	100 000	
Total, programme 2.5	**167 800**	**241 215**	**182 825**	**424 040**	**256 240**	**152.7**
Programme 2.6: Outreach activities						
Consultants	22 600	60 000		60 000	37 400	165.5
External printing	1 200	39 000	20 000	59 000	57 800	4 816.7
Travel	30 400	15 000	15 000	30 000	-400	-1.3
Workshops	62 600	70 000	40 000	110 000	47 400	75.7
Total, programme 2.6	**116 800**	**184 000**	**75 000**	**259 000**	**142 200**	**121.7**
Programme 2.7: Regional environmental management plans						
Consultants		75 000	75 000	150 000	150 000	
External printing		30 000	30 000	60 000	60 000	
Travel		30 000	30 000	60 000	60 000	
Workshops		210 000	210 000	420 000	420 000	
Total, programme 2.7	**0**	**345 000**	**345 000**	**690 000**	**690 000**	
Total, section 2	**1 432 900**	**1 858 215**	**1 240 325**	**3 098 540**	**1 665 640**	**116.2**
Total expenditure for administration, conference services and programmes	**17 130 700**	**9 636 950**	**8 833 900**	**18 470 850**	**1 340 150**	**7.8**

Abbreviations: BBNJ, intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction; Ocean Conference, United Nations Conference to Support the Implementation of Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development; IPSAS, International Public Sector Accounting Standards; ERP, enterprise resource planning.

Annex II

International Seabed Authority income, including miscellaneous income, and expenses

A. Income and expenses based on a contractor overhead charge of $47,000

(United States dollars)

			Change from 2017–2018 to 2019–2020	
	2017–2018	*2019–2020*	*Amount*	*Percentage*
Proposed budget	17 130 700	18 470 850	1 340 150	7.8
Less: income				
Estimated savings (2015–2016)	40 571			
Estimated savings (2017–2018)		570 136	570 136	
Expected contractor overhead charges	2 397 000	2 726 000	329 000	13.7
Contractor extension application processing fees received during 2017 and 2018	469 000	0	-469 000	-100.0
Miscellaneous income accumulated during 2015	987 205		-987 205	
Miscellaneous income accumulated during 2017		685 420	685 420	
Subtotal, income	**3 893 776**	**3 981 556**	**87 780**	**2.3**
Total net contributions required	**13 236 924**	**14 489 294**	**1 252 370**	**9.5**
Net contributions required for each year of the biennium	6 618 460	7 244 645	626 185	9.5
Less: European Union assessment	-100 000	-100 000		0.0
Total assessed	**6 518 460**	**7 144 645**	**626 185**	**9.6**

B. Income and expenses based on a contractor overhead charge of $63,000

(United States dollars)

			Change from 2017–2018 to 2019–2020	
	2017–2018	*2019–2020*	*Amount*	*Percentage*
Proposed budget	17 130 700	18 470 850	1 340 150	7.8
Less: Income				
Estimated savings (2015–2016)	40 571			
Estimated savings (2017–2018)		570 136	570 136	
Expected contractor overhead charges	2 397 000	3 654 000	1 257 000	52.4
Contractor extension application processing fees received during 2017 and 2018	469 000	0	-469 000	-100.0
Miscellaneous income accumulated during 2015	987 205		-987 205	

			Change from 2017–2018 to 2019–2020	
	2017–2018	*2019–2020*	*Amount*	*Percentage*
Miscellaneous income accumulated during 2017		685 420	685 420	
Subtotal, income	**3 893 776**	**4 909 556**	**1 015 780**	**26.1**
Total net contributions required	**13 236 924**	**13 561 294**	**324 370**	**2.5**
Net contributions required for each year of the biennium	6 618 460	6 780 645	162 185	2.5
Less: European Union assessment	-100 000	-100 000		0.0
Total assessed	**6 518 460**	**6 680 645**	**162 185**	**2.5**

International Seabed Authority ISBA/24/A/5/Corr.1–ISBA/24/C/11/Corr.1

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Agenda item 14 of the Council
Budget of the International Seabed Authority

Proposed budget for the International Seabed Authority for the financial period 2019–2020

Report of the Secretary-General

Corrigendum

Annexes I and II

Replace annexes I and II with the following annexes.

* ISBA/24/A/L.1.

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Annex I

Proposed budgetary requirements for the International Seabed Authority for the period from 1 January 2019 to 31 December 2020

(United States dollars)

	Budget				Variation	
	Approved for 2017–2018	*2019*	*2020*	*Total, 2019–2020*	*Amount*	*Percentage*
Budget line	*(1)*	*(2)*	*(3)*	*(4)=(2)+(3)*	*(5)=(4)−(1)*	*(6)=[(5)÷(1)]x100*
Section 1. Administrative and conference services expenditures						
Subsection 1. Administrative expenditures of the Secretariat	**11 767 800**	**6 156 735**	**5 996 575**	**12 153 310**	**385 510**	**3.3**
Established posts	6 200 000	3 550 231	3 550 231	7 100 461	900 461	14.5
General temporary assistance	31 500	35 412	35 412	70 825	39 325	124.8
Overtime	71 600	28 564	28 564	57 129	-14 471	-20.2
Consultants (non-programme)	21 000	15 000	15 000	30 000	9 000	42.9
Common staff costs	3 080 000	1 314 681	1 314 681	2 629 362	-450 638	-14.6
Training	63 000	53 000	53 000	106 000	43 000	68.3
Official travel (non-programme)	187 800	112 871	112 871	225 741	37 941	20.2
BBNJ/Oceans Conference (2020)		30 000	30 000	60 000	60 000	
Communications	200 700	78 329	78 329	156 659	-44 041	-21.9
Library books and supplies	136 000	71 400	71 400	142 800	6 800	5.0
External printing (non-programme)	22 000	11 626	11 626	23 252	1 252	5.7
Supplies and materials	80 300	48 449	48 449	96 897	16 597	20.7
Official hospitality	23 500	15 831	15 831	31 661	8 161	34.7
Information technology	125 900	34 969	34 969	69 939	-55 961	-44.4
Acquisition of furniture and equipment	154 000	121 000	55 000	176 000	22 000	14.3
Redesign of Authority website		75 000		75 000	75 000	
Rental and maintenance of furniture and equipment	24 000	17 407	17 407	34 814	10 814	45.1
United Nations common system	166 000	58 317	58 317	116 633	-49 367	-29.7
Miscellaneous services	112 500	45 787	45 787	91 573	-20 927	-18.6
Audit fees	40 000	16 800	17 640	34 440	-5 560	-13.9
Buildings management	828 000	372 062	372 062	744 123	-83 877	-10.1
Article 154 review and related costs	80 000			0	-80 000	-100.0
IPSAS/ERP	120 000	50 000	30 000	80 000	-40 000	-33.3
Subsection 2. Cost of conference services	**3 930 000**	**1 542 000**	**1 542 000**	**3 084 000**	**-846 000**	**-21.5**
United Nations staff salaries		9 400	9 400			
Printing and supplies		500	500			
Miscellaneous conference service costs		47 000	47 000			
Staff travel		291 200	291 200			
Rental of conference centre		53 400	53 400			
Temporary assistance (meetings)		52 700	52 700			
Rental of equipment		3 000	3 000			

Budget line	Budget				Variation	
	Approved for 2017–2018	*2019*	*2020*	*Total, 2019–2020*	*Amount*	*Percentage*
	(1)	*(2)*	*(3)*	*(4)=(2)+(3)*	*(5)=(4)–(1)*	*(6)=[(5)÷(1)]x100*
Local transportation		2 800	2 800			
Meeting services	3 930 000	455 000	455 000			
Documentation		615 700	615 700			
Reception		11 300	11 300			
Total, section 1	**15 697 800**	**7 698 735**	**7 538 575**	**15 237 310**	**-460 490**	**-2.9**
Section 2. Programme expenditures						
Programme 2.1. Development of the regulatory framework for activities in the Area						
Consultants	90 400	260 000	40 000	300 000	209 600	231.9
External printing	12 400	15 000		15 000	2 600	21.0
Travel	91 200	25 000	25 000	50 000	-41 200	-45.2
Workshops	120 800	185 000	190 000	375 000	254 200	210.4
Total, programme 2.1	**314 800**	**485 000**	**255 000**	**740 000**	**425 200**	**135.1**
Programme 2.2. Protection of the marine environment						
Consultants	38 800	120 000	120 000	240 000	201 200	518.6
External printing	12 400	10 000	10 000	20 000	7 600	61.3
Travel	15 200	12 000	12 000	24 000	8 800	57.9
Workshops	120 800	63 000	63 000	126 000	5 200	4.3
Total, programme 2.2	**187 200**	**205 000**	**205 000**	**410 000**	**222 800**	**119.0**
Programme 2.3. Management of contracts						
Consultants		15 500	5 000	20 500	20 500	
External printing		5 000	5 000	10 000	10 000	
Travel	30 400	16 000	16 000	32 000	1 600	5.3
Workshops	6 100	75 000	5 000	80 000	73 900	1 211.5
Total, programme 2.3	**36 500**	**111 500**	**31 000**	**142 500**	**106 000**	**290.4**
Programme 2.4. Data management (resource and environment)						
Consultants	306 200	140 000		140 000	-166 200	-54.3
External printing	30 300			0	-30 300	-100.0
Travel	28 000			0	-28 000	-100.0
Workshops		75 000	75 000	150 000	150 000	
Information Technology	209 400			0	-209 400	-100.0
Central data repository				0		
Maintenance and support	35 900	41 500	41 500	83 000	47 100	131.2
Total, programme 2.4	**609 800**	**256 500**	**116 500**	**373 000**	**-236 800**	**-38.8**
Programme 2.5. Promotion and encouragement of marine scientific research in the Area						
Consultants	19 400	46 435	34 000	80 435	61 035	314.6
External printing	12 400	17 450	33 000	50 450	38 050	
Travel	15 200	21 505	55 000	76 505	61 305	403.3

	Budget				Variation	
	Approved for 2017–2018	*2019*	*2020*	***Total, 2019–2020***	*Amount*	*Percentage*
Budget line	*(1)*	*(2)*	*(3)*	*(4)=(2)+(3)*	*(5)=(4)–(1)*	*(6)=[(5)÷(1)]x100*
Workshops	120 800	105 825	10 825	116 650	-4 150	-3.4
Training		50 000	50 000	100 000	100 000	
Total, programme 2.5	**167 800**	**241 215**	**182 825**	**424 040**	**256 240**	**152.7**
Programme 2.6. Outreach activities						
Consultants	22 600	60 000		60 000	37 400	165.5
External printing	1 200	39 000	20 000	59 000	57 800	4 816.7
Travel	30 400	15 000	15 000	30 000	-400	-1.3
Workshops	62 600	60 000	30 000	90 000	27 400	43.8
Total, programme 2.6	**116 800**	**174 000**	**65 000**	**239 000**	**122 200**	**104.6**
Programme 2.7. Regional environment management programmes						
Consultants		75 000	75 000	150 000	150 000	
External printing		30 000	30 000	60 000	60 000	
Travel		30 000	30 000	60 000	60 000	
Workshops		200 000	200 000	400 000	400 000	
Total, programme 2.7	**0**	**335 000**	**335 000**	**670 000**	**670 000**	
Total, section 2	**1 432 900**	**1 808 215**	**1 190 325**	**2 998 540**	**1 565 640**	**109.3**
Total expenditure for administration, conference services and programmes	**17 130 700**	**9 506 950**	**8 728 900**	**18 235 850**	**1 105 150**	**6.5**

Abbreviations: BBNJ, intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction; Ocean Conference, United Nations Conference to Support the Implementation of Sustainable Development Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development; IPSAS, International Public Sector Accounting Standards; ERP, enterprise resource planning.

Annex II

International Seabed Authority income, including miscellaneous income, and expenses

(United States dollars)

	2017–2018	*2019–2020*	*Change from 2017–2018 to 2019–2020*	*Change from 2017–2018 to 2019–2020 (percentage)*
Proposed budget	17 130 700	18 235 850	1 105 150	6.5
Less: income				
Estimated savings (2015–2016)	40 571			
Estimated savings (2017–2018)		570 136	570 136	
Expected contractor overhead charges	2 397 000	3 480 000	1 083 000	45.2
Contractor extension application processing fees received during 2017 and 2018	469 000	0	-469 000	
Miscellaneous income accumulated during 2015	987 205		-987 205	
Miscellaneous income accumulated during 2017		685 420	685 420	
Subtotal, income	**3 893 776**	**4 735 556**	**841 780**	**21.6**
Total net contributions required	**13 236 924**	**13 500 294**	**263 370**	**2.0**
Net contributions required for each year of the biennium	6 618 460	6 750 145	131 685	2.0
Less: European Union assessment	-100 000	-100 000		0.0
Total assessed	**6 518 460**	**6 650 145**	**131 685**	**2.0**

International Seabed Authority ISBA/24/C/12

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Agenda item 19
Other matters

Considerations relating to a proposal by the Government of Poland for a possible joint-venture operation with the Enterprise

Report of the Secretary-General

I. Introduction

1. On 27 April 2018, the Secretary-General of the International Seabed Authority received an expression of interest from Mariusz Orion Jedrysek, Secretary of State for the Ministry of the Environment of the Government of Poland, to enter into negotiations to form a joint venture with the Enterprise.

2. The purpose of the present report is to provide the Council with the necessary background information on the relevant provisions of the United Nations Convention on the Law of the Sea and the 1994 Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 that pertain to the initial operations of the Enterprise, to identify some of the most important legal issues relating to the commencement of operations by the Enterprise and to inform the Council of the interest of the Government of Poland in the matter.

3. The submission of a full proposal for a joint-venture operation to the Council for its consideration in 2019 is envisaged. As required under the Agreement, any such proposal would have to be based on sound commercial principles. Should a proposal be approved in 2019, the Council may then decide to issue a directive for the independent functioning of the Enterprise, in accordance with section 2, paragraph 2, of the annex to the Agreement.

II. Legal status of the Enterprise

4. The present section contains a review of the relevant provisions of the Convention and the Agreement and provides an analysis of some of the issues associated with the implementation of those provisions.

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5. The Enterprise is established under article 170 of the Convention and annex IV thereto. It is the organ of the Authority responsible for carrying out activities in the Area directly, as well as the transporting, processing and marketing of minerals recovered from the Area. While the Enterprise is to act in accordance with the general policies of the Assembly and the directives of the Council, it is autonomous in the conduct of its operations, which are to be directed by a Governing Board composed of 15 members elected by the Assembly. The Enterprise is also to have a Director General, elected by the Assembly upon recommendation of the Council and the nomination of the Governing Board, who will be its chief executive and legal representative.

6. The provisions of the Convention relating to the Enterprise were significantly affected by section 2 of the annex to the Agreement, under which the functions of the Enterprise are to be performed by the secretariat of the Authority until such time as it begins to operate independently of the secretariat. Under the Agreement, a number of conditions were established that must be satisfied before the Enterprise may operate as an independent entity. Furthermore, the Agreement provides that the Enterprise is to conduct its initial deep seabed mining operations through joint ventures. Article 170 of the Convention and annex IV thereto are to be interpreted and applied in accordance with section 2 of the annex to the Agreement, which provides that, upon the approval of a plan of work for exploitation by an entity other than the Enterprise, or upon receipt by the Council of an application for a joint-venture operation with the Enterprise, the Council is to take up the issue of the functioning of the Enterprise independently of the secretariat of the Authority.

7. Two observations may be made in relation to those provisions. First, only the Council has the power to issue a directive for the independent functioning of the Enterprise. Such a directive may only be issued if joint-venture operations with the Enterprise accord with sound commercial principles. Only two potential trigger events require the Council to take up the issue, namely:

(a) The approval of a plan of work for exploitation (by any qualified entity and for any mineral resource, whether in a joint venture or not);

(b) An application for a joint-venture operation with the Enterprise.

8. In the latter case, there is no requirement that the joint venture involve a specific proposal to apply for a plan of work, nor is there any stipulation that the joint-venture proposal must include exploitation. A proposal to apply for a plan of work for exploration in a joint venture with the Enterprise is sufficient to trigger the clause. Theoretically, a proposal to commence any form of joint venture within the competence of the Enterprise as defined in annex IV to the Convention is also enough (for example, a proposal for a joint-venture marketing operation).[1]

[1] On the other hand, it is unclear whether an election to offer an equity interest in a future joint-venture arrangement with the Enterprise, which is available to applicants for plans of work for exploration for polymetallic sulphides and cobalt-rich ferromanganese crusts under regulations 16 and 19 of the applicable Regulations (ISBA/16/A/12/Rev.1 and ISBA/18/A/11, respectively), requires a decision by the Council relating to the operation of the Enterprise.

9. Upon either of the aforementioned events taking place, the Council is required to take up the issue of the independent functioning of the Enterprise. It is not required to come to a decision, but is to issue a directive providing for such independent functioning if joint-venture operations with the Enterprise accord with sound commercial principles. It is not clear whether this provision refers to joint-venture operations in general, or to a specific joint-venture proposal. [2] A reasonable interpretation may be that, where the trigger event is a proposal for a joint venture, the Council should consider whether that particular joint-venture proposal accords with sound commercial principles. If it does, then the Council is to issue an appropriate directive.

10. The second observation is that the Agreement contains no guidance as to the form and content of the directive to be issued by the Council. Presumably, however, such a directive would have to be made with reference to annex IV to the Convention and could refer to such matters as the timescale for the implementation of annex IV, the procedures for the election of the Governing Board and Director General and the initial funding of the Enterprise. One question that might arise is the extent to which the directive may be general in nature or must relate to the specific joint-venture proposal in question. In other words, does the Council approve a specific joint-venture proposal only, or does its directive simply "launch" the Enterprise into a formal existence, independent of the secretariat, whereupon the Governing Board would review the joint-venture proposal further and take an independent decision on the matter? While both interpretations are possible, it is suggested that the latter be preferred, on the basis that the Enterprise is intended to operate as an autonomous entity. This would also imply, in accordance with section 2, paragraph 4, of the annex to the Agreement, that any application for approval of a plan of work for exploration or exploitation by the Enterprise in a joint-venture operation needs to be made separately, in accordance with the applicable regulations.

III. Implications for the reserved area

11. The Council may note that a formal proposal for a joint venture with the Enterprise would have implications for future access to the reserved area blocks covered by the proposal, whether by the contractors having originally contributed the areas in question or by any other qualified entity.

12. In the case of the contractor having originally contributed the reserved areas in question, pursuant to section 2, paragraph 5, of the annex to the Agreement, [3] a contractor having contributed a particular area to the Authority as a reserved area has the right of first refusal to enter into a joint-venture arrangement with the Enterprise for exploration and exploitation of that area. This requirement would need to be taken into account in the context of a joint-venture proposal.

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[2] Edward Duncan Brown is of the opinion that the meaning of the provision is not altogether clear. He raised the question of whether it is open to the Council, following approval of a plan of work for exploitation for an entity other than the Enterprise, to make a general determination that "joint-venture operations with the Enterprise accord with sound commercial principles" or whether such a determination may be made only after receipt of an actual application for a specific joint-venture operation with the Enterprise. Edward Duncan Brown, *Sea-Bed Energy and Minerals: The International Legal Regime*, vol. 2, *Sea-Bed Mining* (The Hague, Kluwer Law International, 2001), p. 325.

[3] See also regulation 17 (4) of the regulations on prospecting and exploration for polymetallic nodules in the Area (ISBA/19/C/17), as well as regulation 18 (4) of the regulations on prospecting and exploration for polymetallic sulphides in the Area and the regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area (ISBA/16/A/12/Rev.1 and ISBA/18/A/11, respectively).

13. The situation is more complex with regard to applications by other qualified entities. Under article 9 of annex III to the Convention, the Enterprise is to be given an opportunity to decide whether it intends to carry out activities in each reserved area. At the same time, however, any State party which is a developing State or any natural or juridical person sponsored by it and effectively controlled by it or by any other developing State that is a qualified applicant may notify the Authority that it wishes to submit a plan of work with respect to a reserved area. Such a plan of work may be considered if the Enterprise decides that it does not intend to carry out activities in the reserved area in question.

14. The exploration regulations[4] establish procedures for the implementation of article 9 of annex III to the Convention and sets time limits for the Enterprise. They state that an application by a developing State for a reserved area may be submitted at any time after such an area becomes available following a decision by the Enterprise that it does not intend to carry out activities in that area or where the Enterprise has not, within six months of the notification by the Secretary-General, either taken a decision on whether it intends to carry out activities in that area or notified the Secretary-General in writing that it is engaged in discussions regarding a potential joint venture. In the latter instance, the Enterprise has one year from the date of such notification to decide whether to conduct activities in that area.

IV. Governance arrangements

15. Another important issue for the Council to consider, should it decide in due course to give its approval to a potential joint-venture operation, is the question of the governance arrangements that would apply during the period prior to the independent functioning of the Enterprise (the interim period).

16. In order to preserve the notional independence of the Enterprise and to avoid any potential conflict of interest for the Secretary-General, the Agreement provides that the functions of the secretariat with regard to the Enterprise are to be performed under the oversight of an interim Director General, who is to be appointed by the Secretary-General from within the staff. In practice, however, such independence is difficult to achieve, given the very small size and limited capacity of the secretariat. In particular, since the staff member so appointed reports and is accountable to the Secretary-General, there is potential for conflict of interest.[5]

17. Should a joint-venture proposal be submitted to the Council in 2019, and should the Council decide to proceed with the proposal, it may also wish at that time to consider an alternative model for the governance of the Enterprise during the interim period, in accordance with the Convention and the Agreement. Such an alternative model would need to allow for the provision of independent legal and financial advice to the Council through the interim Director General of the Enterprise, or his or her representative, taking into account considerations of transparency, cost-effectiveness and independence.

[4] See regulation 17 (2) in ISBA/19/C/17, as well as regulation 18 (2) in ISBA/16/A/12/Rev.1 and ISBA/18/A/11.

[5] The last such appointment expired in March 2013. In 2017, the Assembly decided, on the recommendation of the Committee established by the Assembly to carry out a periodic review of the international regime of the Area pursuant to article 154 of the United Nations Convention on the Law of the Sea, that it was not necessary at that time to make such an appointment.

V. Conclusion

18. It is emphasized that no specific joint-venture proposal is before the Council at the present time. The Council is nevertheless invited to take note of the interest of the Government of Poland in discussing the details of such a proposal with the secretariat, in its capacity of carrying out the interim functions of the Enterprise, and in submitting such proposal to the Council for consideration at the session in 2019. At that time, the Council would need to determine whether joint-venture operations with the Enterprise accord with sound commercial principles and, if so, issue a directive with regard to the independent functioning of the Enterprise, including interim governance arrangements.

International Seabed Authority ISBA/24/C/13

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Report of the Secretary-General on the status of national legislation relating to deep seabed mining and related matters, including a comparative study of existing national legislation

Laws, regulations and administrative measures adopted by sponsoring States and other members of the International Seabed Authority with respect to the activities in the Area, and related matters, including a comparative study of existing national legislation

Report of the Secretary-General

1. At the seventeenth session of the International Seabed Authority, in 2011, the Council of the Authority requested the Secretary-General to prepare a report on the laws, regulations and administrative measures adopted by sponsoring States and other members of the Authority with respect to the activities in the Area, and invited sponsoring States and other members of the Authority, as appropriate, to provide information on or the texts of relevant national laws, regulations and administrative measures to the secretariat (ISBA/17/C/20, para. 3).

2. The Secretary-General submitted such a report to the Council at the eighteenth session of the Authority, in 2012 (ISBA/18/C/8 and ISBA/18/C/8/Add.1). After consideration of the report, the Council made the matter a standing item on its agenda and requested the Secretary-General to prepare an updated report annually for consideration by the Council. Those subsequent reports are contained in documents ISBA/18/C/8 and ISBA/18/C/8/Add.1, ISBA/19/C/12, ISBA/20/C/11 and ISBA/20/C/11/Add.1, ISBA/21/C/7, ISBA/22/C/8, and ISBA/23/C/6 The updates are also incorporated into an online database (www.isa.org.jm/national-legislation-database).

3. At the twenty-third session of the Authority, in 2017, the Assembly of the Authority adopted a decision relating to the final report on the first periodic review of the international regime of the Area pursuant to article 154 of the United Nations Convention on the Law of the Sea, in which it invited States parties sponsoring activities in the Area, if they had not already done so, to review their respective national legislation to control activities by entities with whom they had entered into

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contracts for exploration, drawing on the advisory opinion of the Seabed Disputes Chamber of the International Tribunal for the Law of the Sea (ISBA/23/A/13, sect. B). In the same decision, the Assembly requested the Secretary-General to continually update, as necessary, the compilation of the relevant national laws, regulations and administrative measures of sponsoring States with respect to activities in the Area (ibid., sect. E, para. 2).

4. Since the most recent report on the subject, the Netherlands indicated in a note verbale dated 26 June 2017 that no national laws, regulations and administrative measures with respect to activities in the Area were in force and that measures were under development to enable the sponsoring of activities in the Area. Brazil submitted a note verbale dated 11 August 2017 containing information on its legislation on research and exploitation of seabed resources.

5. In a note verbale dated 26 March 2018, the secretariat reiterated its invitation to sponsoring States and other members of the Authority to submit to the secretariat the texts of relevant national laws, regulations and administrative measures or related information. On 19 April 2018, Tuvalu submitted a note verbale with the text of its national law, the Tuvalu Seabed Minerals Act, 2014. On 26 April 2018, China submitted a note verbale with three administrative regulations issued by the State Oceanic Administration, on licensing for exploration and exploitation activities in the Area, sample management and information management, respectively. On 3 May 2018, Montenegro provided legislation relating to the law of the sea. In a note verbale dated 28 May 2018 from the Permanent Mission of the Russian Federation to the International Seabed Authority, the secretariat was informed that activities for the development of mineral resources in the Area were now regulated in accordance with the presidential decree No. 2099 of 22 November 1994 on the activities of Russian physical and legal entities related to the exploration and development of mineral resources of the seabed outside the continental shelf and government decree No. 410 of 25 April 1995 on the procedure of activities of Russian physical and legal entities related to the development of mineral resources of the seabed outside the continental shelf. In the same note verbale, the secretariat was also informed that the Russian ministries and departments were conducting an analysis of existing regulations and international treaties implemented by the Russian Federation and other member States of the Authority to further develop a legal and regulatory framework with respect to activities in the Area. In a note verbale dated 5 June 2018, the Permanent Mission of Mexico to the International Seabed Authority conveyed the comments and updated information submitted by the Secretariat of Environment and Natural Resources of Mexico, the Secretariat of Economy of Mexico and the Mexican Geological Service.

6. As at 5 June 2018, a total of 31 States had provided information on or the texts of relevant national legislation, namely: Belgium, Brazil, China, Cook Islands, Cuba, Czechia, Dominican Republic, Fiji, France, Georgia, Germany, Guyana, India, Japan, Kiribati, Mexico, Montenegro, Nauru, Netherlands, New Zealand, Nigeria, Niue, Oman, Republic of Korea, Russian Federation, Singapore, Tonga, Tuvalu, United Kingdom of Great Britain and Northern Ireland, United States of America and Zambia. Submissions had also been received from the Pacific Community. A list of national legislation and related information is annexed to the present report. Further information on and the texts of national laws, regulations and administrative measures submitted by the aforementioned member and observer States of the Authority are available from the Authority's online database. The secretariat will continue to update the online database as new information is received.

7. In addition, in its decision relating to the final report on the first periodic review of the international regime of the Area pursuant to article 154 of the Convention, the Assembly requested the Secretary-General to provide the Council with a comparative study of the existing national legislation with a view to deriving common elements

therefrom before the end of 2018 (ISBA/23/A/13, sect. E, para. 3). In response, a comparative study is ongoing and its completion is due by the end of 2018. It will be submitted for consideration by the Council in 2019.

8. The Council is invited to take note of the present report.

Annex

Legislation and information submitted by States and regional organizations

I. General

United Nations Convention on the Law of the Sea, concluded at Montego Bay on 10 December 1982. Entered into force on 16 November 1994. United Nations *Treaty Series*, vol. 1833, No. 31363, p. 397; 21 *International Legal Materials* 1261 (1982).

Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982. Entered into force on 28 July 1994. General Assembly resolution 48/263; 33 *International Legal Materials* 1309 (1994); United Nations *Treaty Series*, vol. 1836, No. 31364, p. 42.

Regulations on prospecting and exploration for polymetallic nodules in the Area. Adopted on 13 July 2000 (ISBA/6/A/18, annex, dated 4 October 2000), amended in 2013 (ISBA/19/C/17, annex, dated 22 July 2013) and further amended in 2014 (ISBA/20/A/9, annex, dated 24 July 2014).

Regulations on prospecting and exploration for polymetallic sulphides in the Area. Adopted on 7 May 2010 (ISBA/16/A/12/Rev.1, annex, dated 15 November 2010) and amended in 2014 (ISBA/20/A/10, annex, dated 24 July 2014).

Regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area. Adopted on 27 July 2012 (ISBA/18/A/11, annex, dated 22 October 2012).

II. National legislation of member States

Belgium

Act introducing provisions regulating the matters covered by article 77 of the Constitution into the Act of 17 August 2013 on prospecting and exploration for and exploitation of resources of the seabed and ocean floor and subsoil thereof, beyond the limits of national jurisdiction, adopted on 30 July 2013.

Act on prospecting and exploration for and exploitation of resources of the seabed and ocean floor and subsoil thereof, beyond the limits of national jurisdiction, adopted on 17 August 2013.

Brazil

Note verbale dated 11 August 2017.

China

Mineral Resources Law of the People's Republic of China. Adopted at the fifteenth meeting of the Standing Committee of the Sixth National People's Congress, on 19 March 1986. Revised in accordance with the Decision of the Standing Committee of the National People's Congress on Revising the Mineral Resources Law of the People's Republic of China, adopted at the twenty-first meeting of the Standing Committee of the Eighth National People's Congress, on 29 August 1996.

Rules for Implementation of the Mineral Resources Law of the People's Republic of China. Promulgated by decree No. 152 of the State Council of the People's Republic of China on 26 March 1994. Effective as of the date of promulgation.

Marine Environmental Protection Law of the People's Republic of China. Adopted at the twenty-fourth meeting of the Standing Committee of the Fifth National People's Congress, on 23 August 1982. Effective as of 1 March 1983. Revised at the thirteenth meeting of the Standing Committee of the Ninth National People's Congress, on 25 December 1999, and further revised at the sixth meeting of the Standing Committee of the Twelfth National People's Congress, on 28 December 2013.

Administrative Regulation on the Prevention and Treatment of the Pollution and Damage to the Marine Environment by Marine Engineering Construction Projects. Adopted at the 148th executive meeting of the State Council, on 30 August 2006. Entered into force on 1 November 2006.

Law of the People's Republic of China on Exploration for and Exploitation of Resources in the Deep Seabed Area, adopted on 26 February 2016 and effective as from 1 May 2016.

Administrative regulations issued by the State Oceanic Administration on 25 April 2017 on licensing for exploration and exploitation activities in the Area, on 29 December 2017 on sample management and on 29 December 2017 on information management.

Cook Islands

Seabed Minerals Act, 2009.

Model Seabed Minerals Agreement of April 2011.

Cuba

Mining Law, entered into force on 23 January 1995.

Decree No. 222 of 19 September 1997.

Czechia

Act No. 158/2000 of 18 May 2000 on Prospecting and Exploration for and Exploitation of Mineral Resources from the Seabed beyond the Limits of National Jurisdiction.

Dominican Republic

Note No. 001348 dated 4 May 2016 from the Ministry of the Environment and Natural Resources.

Note No. EDR-MN/16-16 dated 21 July 2016 from the Embassy of the Dominican Republic in Jamaica.

Fiji

International Seabed Mineral Management Decree, 2013 (decree No. 21).

France

Note verbale dated 22 March 2013 from the Embassy of France in Jamaica.

Ordinance No. 2016-1687 of 8 December 2016 relating to the maritime areas under the sovereignty or jurisdiction of the Republic of France.

Note verbale dated 21 February 2017 from the Embassy of France in Jamaica.

Georgia

Note verbale dated 3 May 2017 from the Permanent Mission of Georgia to the United Nations.

Germany

Seabed Mining Act of 6 June 1995. Amended by article 74 of the Act of 8 December 2010.

Guyana

Maritime Zones Act, 2010 (Act No. 18 of 2010). Entered into force on 18 September 2010.

India

Offshore Areas Mineral (Development and Regulation) Act, 2002.

Order of 11 February 2010.

Japan

Act on Interim Measures for Deep Seabed Mining, 1982.

Mining Act. Adopted on 20 December 1950 and amended on 22 July 2011.

Kiribati

Seabed Minerals Bill, 2016.

Mexico

Update report submitted by the Secretariat of Environment and Natural Resources of Mexico, the Secretariat of Economy of Mexico and the Mexican Geological Service. Received on 5 June 2018.

Report on the laws, regulations and administrative measures of Mexico on underwater mining. Submitted by the Embassy of Mexico in Jamaica on 21 December 2011.

Guide for the presentation of environmental impact statements for the mining sector and analysis of gaps and omissions in the conservation of marine biodiversity in Mexican oceans, coasts and islands of the Ministry of the Environment and Natural Resources of Mexico. Submitted by the Embassy of Mexico in Jamaica on 21 December 2011.

General Law on Ecological Balance and the Protection of the Environment, 28 January 1988. Amended on 4 June 2012.

Regulations of the General Law on Ecological Balance and the Protection of the Environment on Environmental Impact Assessment, 30 May 2000. Amended on 26 April 2012.

Mining Law, 26 June 1992. Amended on 28 April 2005.

National environmental policy for the sustainable development of Mexico's oceans and coasts: strategies for their conservation and sustainable use (see A/61/372, annex).

Montenegro

Law on Spatial Planning and Construction of Structures. Adopted on 30 September 2017.

Law on the Confirmation of the Protocol on Integrated Coastal Zone Management in the Mediterranean, 17 November 2011.

Law of the Sea, 18 December 2007.

Law on the ratification of the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean, 9 October 2007.

Nauru

International Seabed Minerals Act, 2015.

Netherlands

Note verbale dated 26 March 2013 from the Permanent Mission of the Netherlands to the United Nations.

Note verbale dated 26 June 2017 from the Permanent Mission of the Netherlands to the United Nations.

New Zealand

United Nations Convention on the Law of the Sea Act, 1996.

Continental Shelf Act, 1964.

Nigeria

Nigerian Minerals and Mining Act, 2007.

Nigerian Minerals and Mining Regulations, 2011.

Niue

Maritime Zones Act, 2013.

Oman

Mining Law, promulgated by royal decree No. 27/2003.

Oil and Gas Law, promulgated by royal decree No. 8/2011.

Ministerial decree No. 77/2011 regulating mineral exploration (regulations of the Mining Law).

Russian Federation

Decree of the President No. 2099 of 22 November 1994 on the activities of Russian physical and legal entities related to the exploration and development of the mineral resources of the seabed outside the continental shelf.

Government Decree No. 410 of 25 April 1995 on the procedure of activities of Russian physical and legal entities related to the development of mineral resources of the seabed outside the continental shelf.

Republic of Korea

Note verbale dated 2 April 2013 from the Permanent Mission of the Republic of Korea transmitting a report on the status of legislation related to deep seabed activity by the Government of the Republic of Korea.

Singapore

Deep Seabed Mining Act, 2015.

Tuvalu

Tuvalu Seabed Minerals Act, 2014 (Act No. 14 of 2014).

Tonga

Tonga Seabed Minerals Act, 2014.

Note verbale dated 22 August 2016 from the Permanent Mission of Tonga to the United Nations.

United Kingdom of Great Britain and Northern Ireland

Deep Sea Mining (Temporary Provisions) Act, 1981, as amended by the Deep Sea Mining Act, 2014, which entered into force on 14 July 2014.

Zambia

Environmental Protection and Pollution Control Act, 1990 (No. 12 of 1990), as amended by the Environmental Protection and Pollution Control (Amendment) Act, 1999 (No. 12 of 1999) (Cap. 204 of the Law of Zambia).

III. National legislation of observer States

United States of America

Deep Seabed Hard Mineral Resources Act, 1980. Adopted on 28 June 1980 and amended on 1 July 2000.

Deep Seabed Mining Regulations Affecting Pre-enactment Explorers, 20 November 1980.

Deep Seabed Mining Regulations for Exploration Licenses, 1980 (15 September 1981).

Deep Seabed Mining Regulations for Commercial Recovery Permits, 6 January 1989.

Guidelines for Obtaining Minerals other than Oil, Gas and Sulphur on the Outer Continental Shelf, report by the United States Department of the Interior, Minerals Management Service, December 1999 (Public Law 103-426, enacted on 31 October 1994).

IV. Information provided by regional organizations

Pacific Community

Pacific-ACP States Regional Legislative and Regulatory Framework for Deep Sea Minerals Exploration and Exploitation, Secretariat of the Pacific Community, Suva, 2012.

Pacific-ACP States Regional Environmental Management Framework for Deep Sea Minerals Exploration and Exploitation, Pacific Community, Suva, 2016.

Pacific-ACP States Regional Financial Framework for Deep Sea Minerals Exploration and Exploitation, Pacific Community, Suva, 2016.

Pacific-ACP States Regional Scientific Research Guidelines for Deep Sea Minerals. Pacific Community, Suva, 2016.

V. Legislation of reciprocating States[1]

France: Law on the Exploration and Exploitation of Mineral Resources in the Deep Seabed 1981 (Law No. 81-1135 of 23 December 1981).

Germany: Act on Interim Regulation of Deep Seabed Mining 1980, dated 16 August 1980 (English translation) (1981). *International Legal Materials*, XX, p. 393.

Italy: Regulations on the Exploration and Exploitation of the Mineral Resources of the Deep Seabed (Law No. 41 of 20 February 1985).

Japan: Law on Interim Measures for Deep Seabed Mining, 1982. *International Legal Materials*, 22 (1) (1983), pp. 102–122.

Union of Soviet Socialist Republics: [Edict on] Provisional Measures to Regulate the Activity of Soviet Enterprises relating to the Exploration and Exploitation of Mineral Resources of Seabed Areas beyond the Limits of the Continental Shelf, 17 April 1982.

United Kingdom: Deep Sea Mining (Temporary Provisions) Act, 1981, chapter 53. Effective as from 28 July 1981; Deep Sea Mining (Exploration Licences) (Applications) Regulations, 1982, No. 58. Effective as from 25 January 1982; Deep Sea Mining (Exploration Licences) Regulations, 1984, No. 1230. Effective as from 3 September 1984.

United States: Deep Seabed Hard Mineral Resources Act, 1980 (Public Law 96-283, 28 June 1980), as amended on 1 July 2000.

[1] See also ISBA/18/C/8, footnote 2.

International Seabed Authority ISBA/24/C/14

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Agenda item 16
Report of the Secretary-General on the election of members of the Legal and Technical Commission

Election of members of the Legal and Technical Commission

Report of the Secretary-General

I. Introduction

1. At its twenty-third session, the Council of the International Seabed Authority requested that the Secretary-General provide it with a report on the cost-effectiveness of the current membership of the Legal and Technical Commission and a comparison between the Commission as currently constituted, with 30 members, and its previous membership. The present report is submitted in response to that request and provides an update to the detailed report prepared for the twenty-third session (ISBA/23/C/2).

II. Effectiveness of the Commission

2. As currently constituted, the Commission held two series of meetings in 2017 and one series of meetings in March 2018. On each occasion, 27 out of 30 members attended. Three members resigned prior to the first meeting in 2017. The resulting vacancies were filled by the election of new members in August 2017. One member resigned prior to the meetings in March 2018, which his successor was able to attend after being elected by the Council during the week before the meetings.

3. The work of the Commission has been dominated by the review of the recommendations for the guidance of contractors for the assessment of the possible environmental impacts arising from exploration for marine minerals in the Area (ISBA/19/LTC/8), the development of the regulations on the exploitation of mineral resources in the Area and the review of annual reports of activities by contractors. For the development of the regulations and the review of annual reports, the Commission broke up into working groups. There is no indication that the working practices of the Commission were affected by the increased number of members compared with previous Commissions or by the number in attendance at its meetings.

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III. Implications for the voluntary trust fund

4. Based on the current composition of each body, 14 members of the Legal and Technical Commission and 7 members of the Finance Committee are eligible for support from the voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee. If all eligible members requested support, the costs would amount to approximately $216,000 per annum. Actual expenditure may be slightly lower, as some eligible members do not request support from the fund, but the cost of supporting the Commission alone is estimated to be at least $140,000 per annum (based on a two-part session each year).

5. The table below shows the number of members of the Commission who have received assistance from the voluntary trust fund in 2017 and 2018.

	February and March 2017	*August 2017*	*March 2018*
Number of Commission members assisted	8	8	11
Total amount of assistance from the fund (United States dollars)	**57 523**	**52 353**	**62 137**

6. For comparison purposes, the table below shows the same information for the previous membership since the establishment of the fund.

	Membership for the period 2007–2011						*Membership for the period 2012–2016*				
	2006	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016 (part I + part II)*
Number of Commission members who benefited from the fund	5	6	6	9	8	8	7	4	4	4	5+7
Total amount of assistance from the fund (United States dollars)	**20 311.51**	**26 042.72**	**27 941**	**45 401**	**34 615**	**42 357**	**42 401.91**	**9 307.49**	**23 209.79**	**35 003.98**	**35 285 + 51 494.43**

IV. Recommendations

7. The Council is invited to take note of the information contained in the present report. The Secretary-General has no further recommendations beyond those contained in ISBA/23/C/2.

International Seabed Authority ISBA/24/C/15

Council

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Twenty-fourth session
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Kingston, 16–20 May 2018
Agenda item 12
Report of the Chair of the Legal and Technical Commission on the work of the Commission at its twenty-fourth session

Overview of existing measures, means and actions relating to the protection and conservation of the marine environment in areas beyond national jurisdiction

Submitted by the delegation of the Netherlands

I. Introduction

1. In accordance with article 165 of the United Nations Convention on the Law of the Sea, and as an organ of the Council of the International Seabed Authority, the Legal and Technical Commission is charged, inter alia, with reviewing applications for plans of work. That task is also specified under regulation 21 of the regulations on prospecting and exploration for polymetallic nodules in the Area, regulation 23 of the regulations on prospecting and exploration for polymetallic sulphides in the Area and regulation 23 of the regulations on prospecting and exploration for cobalt-rich ferromanganese crusts in the Area. As part of that consideration, the Commission must determine whether, among other things, the proposed plan of work for exploration will provide for the effective protection and preservation of the marine environment including, but not restricted to, the impact on biodiversity (see, for example, regulation 21, para. 4 (b) of the regulations related to polymetallic nodules).

2. Similarly, in the Draft Regulations on Exploitation of Mineral Resources in the Area, the Commission will be required to consider applications of a plan of work for exploitation (see ISBA/24/LTC/WP.1, part II, sect. 3 and part IV). As part of its consideration, the Commission will need to determine whether the proposed plan of work for exploitation provides for the effective protection of the marine environment from harmful effects in accordance with article 145 of the Convention, including the application of best environmental practices and a precautionary approach.

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II. Reason for submitting

3. At the twenty-third session of the International Seabed Authority in August 2017, it was brought to the attention of the Council that an application for a plan of work for exploration included an area that had been described as an ecologically or biologically significant marine area under the Convention on Biological Diversity.

4. In considering whether a proposed plan of work for exploration or exploitation will provide for the effective protection and preservation of the marine environment, the Commission will need to be able to make a holistic and integrated assessment. That requires the Commission, among other things, to effectively oversee the different human activities taking place in areas beyond national jurisdiction as well as any existing measures, means and actions relating to the protection and conservation of the marine environment that are in place in those areas, in particular with regard to the area under consideration in an application for the approval of a plan of work.

III. Objective

5. The present paper provides an overview of existing measures, means and actions relating to the protection and conservation of the marine environment in areas beyond national jurisdiction as of March 2018 (see annex). That includes the Area as well as the high seas (see articles 1 (1) and 86 of the Convention). The measures, means and actions emanate from competent international organizations/arrangements.

6. The information on existing measures, means and actions relating to the protection and conservation of the marine environment in areas beyond national jurisdiction should be part of the Commission's determination as to whether the proposed plan of work for exploration (and future exploitation) provides for the effective protection and preservation of the marine environment, which includes, but is not restricted to, the impact on biodiversity.

IV. Recommendations

7. The Council is invited to take note of the overview and to request the Commission to use the information provided by the overview, as appropriate, when considering an application for the approval for a plan of work for exploration (and future exploitation).

8. The Council is also invited to request the secretariat to regularly update the overview of existing measures, means and actions relating to the protection and conservation of the marine environment in areas beyond national jurisdiction.

Annex

Overview of existing measures, means and actions relating to the protection and conservation of the marine environment in areas beyond national jurisdiction, as of March 2018[1]

The present annex contains the following information:

- The originator (competent international organization/arrangement) of those measures, means and actions
- A list of existing measures, means and actions applicable in areas beyond national jurisdiction that relate to the protection and conservation of the marine environment and a brief description of the content of those measures, means and actions
- A description of the geographical location of the area where measures, means and action are applicable/intended to be applied/implemented

Organization/convention/agreement	*Measures, means and actions in areas beyond national jurisdiction*	*Locations*
International Seabed Authority	*Areas of particular environmental interest* The operational objectives for the areas of particular environmental interest are to: (a) Protect biodiversity and ecosystem structure and function through a system of representative sea floor areas closed to mining activities. The system must be in place before additional mining claims further compromise the ability to develop a scientifically robust design; (b) Include a wide range of the habitat types present in the Clarion-Clipperton Fracture Zone within the areas of particular environmental interest (for example seamounts and fracture zone structures); (c) Establish an "area of particular environmental interest" system to avoid overlap with the current distribution of claimant and reserve areas (as was the basis for the current scientific design); (d) Provide a degree of certainty to existing and prospective contractors by laying out the location of areas closed to mining activities.[a] 9 areas are designated as areas of particular environmental interest.	Central Pacific, Clarion-Clipperton Fracture Zone

[1] The table is intended to provide an up-to-date and complete overview as of March 2018. Mistakes or omissions may occur.

Organization/convention/agreement	*Measures, means and actions in areas beyond national jurisdiction*	*Locations*
International Maritime Organization (IMO)	*Particularly Sensitive Sea Areas* A Particularly Sensitive Sea Area is an area that needs special protection through action by IMO because of its significance for recognized ecological, socioeconomic or scientific attributes, where such attributes may be vulnerable to damage by international shipping activities. At the time of the designation of a Particularly Sensitive Sea Area, an associated protective measure, which meets the requirements of the appropriate legal instrument establishing such measure, must have been approved or adopted by IMO to prevent, reduce or eliminate the threat or identified vulnerability. No Particularly Sensitive Sea Area has been designated in areas beyond national jurisdiction.	
	Special Areas Special Areas are defined under annexes I, II, IV and V of the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto (MARPOL), as sea areas where, for recognized technical reasons in relation to their oceanographical and ecological conditions and to the particular character of their sea traffic, the adoption of special mandatory methods for the prevention of pollution of the sea from ships by oil, sewage or garbage, as applicable, is required. 2 Special Areas are designated for the prevention of sea pollution.	Mediterranean and the seas around Antarctica
	Emission control areas Emission control areas are defined under annex VI of MARPOL as areas where the adoption of special mandatory measures to regulate emissions from ships is required to prevent, reduce and control air pollution from nitrogen oxides and/or sulphur oxides and/or particulate matter and their attendant adverse impacts on human health and the environment. No emission control areas have been designated in areas beyond national jurisdiction.	
	Areas to be avoided Under the International Convention for the Safety of Life at Sea, ships' routing systems are identified as contributing to the safety of life at sea, safety and efficiency of navigation and/or the protection of the marine environment. No areas to be avoided have been established in areas beyond national jurisdiction.	

Organization/convention/agreement	*Measures, means and actions in areas beyond national jurisdiction*	*Locations*
Regional fisheries management organizations[b]	*Areas with restrictions* include: • *Depth* restrictions, which generally prohibit bottom-fishing activities beyond a certain depth in the area. • Technical restrictions, which include the prohibition of specific gear. • Seasonal restrictions, which prohibit fishery activities during parts of the year. • Footprint restrictions, which prohibit bottom fishing outside established areas without a prior impact assessment and the consent of regional fisheries management organizations (generally implemented by an exploratory fishing protocol). • Areas closed to all, or to a specific type, of fishery activity. Those areas are closed to fisheries because they are known vulnerable marine ecosystems, or there is good reason to suspect them to be vulnerable marine ecosystems. They may also include areas that are important breeding grounds for fish. • *Areas where catches are frozen or seasonally restricted*. In those areas, fishery activities are not prohibited, but catches are regulated so as not to exceed the levels of an average of a certain number of prior years, or fishery activities may be restricted during certain parts of the year. It may also include a "move-on" rule as a safeguard to prevent significant adverse impacts in areas where fishing is allowed, obliging vessels to move a number of nautical miles when the number of vulnerable marine ecosystem indicator species caught passes a specific threshold. 8 regional fisheries management organizations regulate non-highly migratory species. In total, some 50 to 60 specific areas have restrictions.	Mediterranean, North-west Atlantic, North-east Atlantic, South-east Atlantic, North Pacific, South Pacific, Southern Indian Ocean, Southern Ocean
Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR)	*Marine protected areas under OSPAR* The seabed and/or the subsoil and/or the water column are protected collectively by all OSPAR contracting parties. 7 marine protected areas are designated under OSPAR.	North-east Atlantic

Organization/convention/agreement	*Measures, means and actions in areas beyond national jurisdiction*	*Locations*
Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (Barcelona Convention)	*Specially protected areas of Mediterranean interest* Specially protected areas of Mediterranean interest are intended to safeguard representative types of coastal and marine ecosystems, endangered habitats and habitats critical to the survival of endangered species. 1 specially protected area of Mediterranean interest is designated under the Barcelona Convention.	Mediterranean
Convention for the Protection of the Natural Resources and Environment of the South Pacific Region (Noumea Convention)	*Marine and terrestrial marine protected areas* No measures in areas beyond national jurisdiction under the Noumea Convention (South Pacific)	
Antarctic Treaty	*Antarctic specially protected areas (marine or partly marine)* Antarctic specially protected areas can be designated to protect outstanding environmental, scientific, historic, aesthetic or wilderness values. Parties to the Treaty are encouraged to identify and to include as Antarctic specially protected areas those areas that need to be kept safe from human interference, are representative of major ecosystems, are unique, are of particular scientific interest, have outstanding geological features and/or are of natural and historical value.[c] Entry to an Antarctic specially protected area requires a permit. 11 Antarctic specially protected areas (2 fully and 9 partly marine areas) are designated under the Antarctic Treaty.	Seas around Antarctica
	Antarctic Specially Managed Areas (partly marine) Antarctic Specially Managed Areas can be designated in order to assist in the planning and coordination of activities, avoid possible conflicts, improve cooperation between the parties or to minimize environmental impacts.[d] Antarctic Specially Managed Areas can be areas where activities may interfere with each other or cause important cumulative environmental impacts, and areas with sites or monuments of historic value. Entry to an Antarctic Specially Managed Area does not require a permit. An Antarctic Specially Managed Area may contain within its area one or more Antarctic specially protected areas. Currently there are two designated Antarctic Specially Managed Areas which are partly marine.[e] 2 Antarctic Specially Managed Areas (partly marine) are designated under the Antarctic Treaty.	Seas around Antarctica

Organization/convention/agreement	*Measures, means and actions in areas beyond national jurisdiction*	*Locations*
Convention on Biological Diversity	*Ecologically or biologically significant marine areas* Ecologically or biologically significant marine areas are intended as an inventory of areas for which States are encouraged to, collectively and by cooperation, identify and adopt measures to enhance conservation and sustainable use. Such a designation does not put a legal obligation on States to protect. A public repository of ecologically or biologically significant marine areas resulting from the regional workshops, showing their geographical location, has been developed by the Convention on Biological Diversity.[f]	Large ecologically or biologically significant marine areas have been identified in areas beyond national jurisdiction, most notably in the North and Central Pacific, the North-west Atlantic, the Central Atlantic and the Southern Indian Ocean
Voluntary and unilateral initiatives	13 areas voluntarily closed by fishing industry group Southern Indian Ocean Deepwater Fisheries Association (SIODFA) in the Southern Indian Ocean	Southern Indian Ocean
	European Union/Spain unilateral closure of bottom fishing in the South-west Atlantic (not covered by regional fisheries management organizations)	South-west Atlantic
	Sargasso Sea Commission, voluntary measures by Bermuda, eight other countries, non-governmental organizations and private donors	Sargasso Sea

[a] See also ISBA/17/LTC/7, para. 39.
[b] Includes the Commission for the Conservation of Antarctic Marine Living Resources.
[c] Protocol on Environmental Protection to the Antarctic Treaty, annex V, art. 3.
[d] Ibid., art. 4.
[e] Antarctic Specially Managed Area 3, Cape Denison, Commonwealth Bay, George V Land, East Antarctica, has been de-designated by the secretariat of the Antarctic Treaty. See www.ats.aq/devPH/apa/ep_protected_detail.aspx?type=3&id=76&lang=e.
[f] See www.cbd.int/ebsa/.

International Seabed Authority ISBA/24/C/16

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Agenda item 6
Election to fill a vacancy on the Legal and Technical Commission in accordance with article 163, paragraph 7, of the United Nations Convention on the Law of the Sea

Election to fill a vacancy on the Legal and Technical Commission in accordance with article 163, paragraph 7, of the United Nations Convention on the Law of the Sea

Note by the Secretary-General

1. The Council of the International Seabed Authority is invited to note that Andrés Sebastián Rojas (Argentina), member of the Legal and Technical Commission, resigned on 17 May 2018. Mr. Rojas had been elected a member of the Commission on 22 July 2016 (see ISBA/22/C/29) for a term of five years beginning 1 January 2017.

2. In accordance with article 163, paragraph 7, of the United Nations Convention on the Law of the Sea and rule 80, paragraph 3, of the rules of procedure of the Council, in the event of the death, incapacity or resignation of a member of the Commission prior to the expiration of his or her term of office, the Council shall elect for the remainder of the term a member from the same geographical region or area of interest.

3. Article 163, paragraph 3, of the Convention and rule 81 of the rules of procedure of the Council provide that members of the Commission shall have appropriate qualifications in the area of competence of the Commission and that States parties shall nominate candidates of the highest standards of competence and integrity with qualifications in the relevant fields so as to ensure the effective exercise of the functions of the Commission.

4. By a note verbale dated 1 June 2018, the Permanent Mission of Argentina to the International Seabed Authority informed the secretariat of the Authority of the nomination of Martin Mainero, Counsellor in the Office of the Legal Adviser of the Ministry of Foreign Affairs and Worship of Argentina, as a candidate to fill the vacant seat on the Commission. The curriculum vitae of Mr. Mainero is contained in the annex to the present note.

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Annex

Curriculum vitae*

Martín Mainero (Argentina)

Date of birth 3 September 1976

Education

2005–2006	Instituto del Servicio Exterior de la Nación (Diplomatic Academy of the Argentine Ministry of Foreign Affairs)
1996–2003	University of Buenos Aires. Law Degree. Specialization in Public International Law

Job experience

2018–	Counsellor. Office of the Legal Adviser. Argentine Ministry of Foreign Affairs
2012–2018	Head of the Political Section. Argentine Embassy in Mexico
2007–2012	Third Secretary. Office of the Legal Adviser. Argentine Ministry of Foreign Affairs

Academic activities

2009–2010	Assistant Professor. Course of Public International Law Master in International Relations. University of El Salvador
2008–2009	Assistant Professor. Course of International Criminal Law Master in International Relations. University of Buenos Aires

Languages spoken

Spanish, English, French and Portuguese

* Curricula vitae are issued without formal editing.

Council

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Election to fill a vacancy on the Legal and Technical Commission in accordance with article 163, paragraph 7, of the United Nations Convention on the Law of the Sea

Election to fill a vacancy on the Legal and Technical Commission in accordance with article 163, paragraph 7, of the United Nations Convention on the Law of the Sea

Note by the Secretary-General

1. The Council of the International Seabed Authority is invited to note that Jun Wu (China), member of the Legal and Technical Commission, resigned on 1 June 2018. She had been elected a member of the Commission on 22 July 2016 for a term of five years beginning on 1 January 2017 (see ISBA/22/C/29).

2. In accordance with article 163, paragraph 7, of the United Nations Convention on the Law of the Sea and rule 80, paragraph 3, of the rules of procedure of the Council, in the event of the death, incapacity or resignation of a member of the Commission prior to the expiration of his or her term of office, the Council shall elect for the remainder of the term a member from the same geographical region or area of interest.

3. Article 163, paragraph 3, of the Convention and rule 81 of the rules of procedure of the Council provide that members of the Commission shall have appropriate qualifications in the area of competence of the Commission and that States parties shall nominate candidates of the highest standards of competence and integrity with qualifications in the relevant fields so as to ensure the effective exercise of the functions of the Commission.

4. By a note verbale dated 5 June 2018, the Permanent Mission of China to the International Seabed Authority informed the secretariat of the Authority of the nomination of Shengxiong Yang, Chief Geoscientist and Research Professor at the Guangzhou Marine Geological Survey, China Geological Survey, as a candidate to fill the vacant seat on the Commission. The curriculum vitae of Mr. Yang is contained in the annex to the present note.*

* The annex is being circulated in the language of submission only.

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Annex

Curriculum vitae*

Shengxiong Yang (China)

Present occupation

Chief Geoscientist and Research Professor, Guangzhou Marine Geological Survey, China Geological Survey (CGS), August 2005–present

Director, Key Laboratory of Marine Mineral Resources, Ministry of Nature Resources, P.R. China, December 2012–present

Education

BA, Marine Geology and Geophysics, Shandong College of Oceanology (now named Ocean University of China), Qindao, China, July 1985

MSc, Marine Geology, Ocean University of Qingdao (now named Ocean University of China), Qingdao, China, June 1988

PhD, Marine Sedimentology, China University of Geosciences (Beijing), Bejing, China, June 2004

General scientific interests

- Marine geology and geophysics
- Deep sea mineral resources R&D
- Investigation of marine gas hydrates
- Marine sedimentology, especially on the paleoclimate, paleoceanology

Professional experience

2005–present	Chief Geoscientist and research professor, Guangzhou Marine Geological Survey (GMGS), China Geological Survey (COS)
2001–2005	Deputy Chief Geoscientist and research professor, Guangzhou Marine Geological Survey (GMGS), China Geological Survey (CGS)
2000	Chief Geoscientist and senior marine geologist, Second Marine Geological Investigation Brigade, GMGS
1994–1999	Senior Marine Geologist, Second Marine Geological Investigation Brigade, GMGS
1988–1994	Marine Geologist, Second Marine Geological Investigation Brigade, GMGS

Research experience

2012–2016	Expert panels member of the subject "Marine Oil and Gas Resources Development Technology" of National High-Tec R&D Programme (863 Programme)

* Curricula vitae are issued without formal editing.

2009–2013	Chief Scientist of the project "Research on the Enrichment Characteristics and Production Knowledge Base of Gas Hydrate in South China Sea" supported by National Basic Research Programme (973 Programme)
2007–2011	Chief Scientist of the project "Deep Sea Mineral Resources Estimation Research on the Co-rich Crusts and Polymetallic Nodules etc."
2001–2005	Chief Scientist of the project "Deep Sea Mineral Resources Investigation and Estimation Research"
2007–2010	Expert Committees member of the priority "Sea Technology" of National High-Tec R&D Programme (863 Programme)
2001–2004	Expert panels member of the subject "Marine Resources Development Technology" of National High-Tec R&D Programme (863 Programme)
2003–2004	Visiting Scholar in Technical University of Berlin, Berlin, Germany, Research on Deep Sea Mineral Resources supported by BMBF, Germany
1993	Visiting Scholar in IFREMER and École nationale supérieure des mines de Paris, France, Research on Deep Sea Multimetallic Nodules Resources Estimation supported by the French Ministry of Foreign Affairs

Onboard investigation experience

2016	Chief Scientist, Leg.1 of GMGS 2016 gas hydrate drilling expedition by M/V Voyager in Xisha, South China Sea
2015	Chief Scientist, Leg.1 of GMGS 2015 gas hydrate drilling expedition by M/V Voyager in Dongsha, South China Sea
2013	Chief Scientist, Leg.1 of GMGS 2013 gas hydrate drilling expedition by M/V Rem Etive in Dongsha, South China Sea
2012	Chief Scientist. Deep Sea Mineral Resources Expedition. Leg.1 of cruise DY27 by R/V Haiyang Liuhao on Pacific
2011	Chief Scientist, Deep Sea Mineral Resources Expedition, Leg.1 of cruise DY23 by R/V Haiya g Liuhao on Pacific
2007	Chief Scientist, Leg.2 of GMGS 2007 gas hydrate drilling expedition by M/V Bavenit in Shenhu Area, South China Sea
2004	Chief Scientist Deep Sea Mineral Resources Expedition, Leg.2 of Cruise DY105-16 by R/V Dayang Yi Hao on Pacific
2003	Chief Scientist, Deep Sea Mineral Resources Expedition, Cruise DY105-13 by R/V Haiyang Si Hao on Pacific

Recent publication and lecture

(1) Shengxiong Yang, *Gas Hydrates R&D in South China Sea — Efforts and Future Plan*, 2018, Natural Gas Hydrate Systems, Gordon Research Conference, Galveston, Texas.

(2) Yang Shengxiong, Liang Jinqiang, Lu Jingan, et al, *Petrophysical Evaluation of Gas Hydrate in Shenhu Area, China*. 2017, The 23rd Formation Evaluation Symposium of Japan.

(3) Yang Shengxiong, Liang Jinqiang, Liu Chanling, Sha Zhibin, *Progress on the Program of Marine Gas Hydrate Investigation, China Geological Survey*, 2017, 4(2): 1–8. In Chinese with English abstract.

(4) Yang Shengxiong, Liang Jinqiang, Lei Yong, Gong Yuehua, Xu Huaning, Wang Hongbin, Lu Jingan, Melanie Holland, Peter Schultheiss, Wei Jiangong, and the GMGS4 Science Team, 2017, *GMGS4 Gas Hydrate Drilling Expedition in the South China Sea*, Fire in the Ice, 17(1): 7–11.

(5) Yang Shengxiong, Liang Jinqiang, Lu Jinan et al, New Understanding on Characteristics and Controlling Factors of Gas Hydrate Reservoir in Shenhu Area on Southern Slope of South China Sea, Earth Science Frontiers, 2017, 24: 1–24. In Chinese with English abstract.

(6) Yang Shengxiong, Long Xiao-Jun, Qi Qi, et al, *The Mineralogical and Geochemical characteristics of Co-rich crusts from the western Pacific — taking the Co-rich crusts from Magellan and Marcus-wake seamounts as an example, Periodical of Ocean University of China*, 2016, 2: 105–116. In Chinese with English abstract.

(7) Shengxiong YANG, Guangxue ZHANG. Ming ZHANG. Jinqiang LIANG. Jingan LU, Melanie HOLLAND, Peter SCHULTHEISS, *A COMPLEX GAS HYDRATE SYSTEM IN THE DONGSHA AREA, SOUTH CHINA SEA: RESULTS FROM DRILLING EXPEDITION GMGS2, 2014*, Proceedings of the 8th International Conference on Gas Hydrates (ICGHB-2014), Beijing, China.

(8) YANG Shengxiong, WANG Hongbin, ZHANG Guangxue, HE Gaowen, *New Achievement of Methane Hydrate R&D in South China Sea*, 2014, ISOPE-2014 BUSAN, KOREA.

(9) YANG Shengxiong, ZHANG Haiqi, ZHANG Guangxue, ZHANG Ming, WANG Hongbin, XU Huaning, *Occurrence and Enrichment Characteristics of Gas Hydrate in the Northern South China Sea*, 2010 Western Pacific Geophysics Meeting, 2010, Taipei.

(10) Yang Shengxiong, Wang Hongbin, Xu Huaning, Zhang Baojin, *Seismic Reflection of the Nature Gas Hydrate in the Northern South China Sea*, Workshop on Geophysical Investigation by National Basic Research Program of China (973 program), 2009, Beijing. In Chinese.

(11) Shengxiong YANG, Haiqi ZHANG, Nengyou WU et al, *High Concentration Hydrate in Disseminated Forms Obtained in Shenhu Area, Northern South China Sea*, ICGH 2008, 2008, Beijing.

(12) Yang Shengxiong, He Gaowen, Chen Bangyan, *The development on the marine mineral resources exploration and environmental inspecting*, in 2007 China High-tech development bulletin, Science Press, 2007, pp. 160–167. In Chinese.

(13) Yang Shengxiong, *Characteristics of the Cobalt-Rich Ferromanganese Crusts Resources on the Seamounts*, Seminar on the Minerals and Other Resources Found in Marine Areas Beyond the Limits of National Jurisdiction (the "Area"), 2007, Manado, Indonesia.

(14) Yang Shengxiong, *A Suggested Consideration to the Draft Regulation on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts*, Workshop on Mining Cobalt-rich Ferromanganese Crusts and Polymetallic Sulphides in the Area, ISA, 2006, Jamaica.

(15) Yang Shengxiong, Fu Xi, Wu Ya-dong and Wen Peng-fei, *The principle of least-squares-inverse filtering and its application in gas hydrate*, Acta Oceanologica Sinica, 2004, 3: 75–81. in Chinese with English abstract.

(16) Yang Shengxiong, Chen Bangyan, Liu Feng, *Environment inspecting on the seafloor and the ocean mineral resources exploration and estimation*, in 2003 China High-tech development bulletin, Science Press, 2003, 141–147. In Chinese.

(17) Yang Shengxiong, He Gaowen, Guan Yonxian, Li Liqing. *The accurate processing of the Seabeam bathymetric data and geomorphology atlas of China pioneer area in east Pacific*, in 2001 Conference for ocean mineral resources by COMRA, China Ocean Press, Bejing, 2001, pp. 201–209. In Chinese.

(18) Yang Shengxiong, Zhang Guangxue, Chen Bangyan, *Energy Prospect of Deep Water in the Continental Slope of the South China Sea and Key-Tech of Exploration*, World Petroleum Congress (WPC) Asia Regional Meeting, 2001, Shanghai.

(19) Yang Shengxiong et al., *Development Aspect and Countermeasure of the Three-dimensional Exploration Technology for Marine Mineral Resources and Environments*, China Geology, 2001, 10–15. In Chinese with English abstract.

(20) Yang Shengxiong, Zhang Guangxue, Zhang Ming, *The Key-Technology of the Gas Hydrates Exploration on the Deep Sea Water*, in 99 workshop in the development of marine high-tech, China ocean press, Beijing, 2001, pp. 507–512. in Chinese with English abstract.

International Seabed Authority ISBA/24/C/18

Council

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27 June 2018

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Agenda item 11
Draft regulations for exploitation of mineral resources in the Area

Suggestions for facilitating the work of the International Seabed Authority

Submitted by the delegation of Germany

I. Introduction

1. The Federal Republic of Germany welcomes the ongoing work conducted by the Secretary-General and the secretariat, the Legal and Technical Commission and the Finance Committee. With this in mind, in view of the increasing workload of those bodies and of the crucial importance of current as well as future deliberations within the International Seabed Authority, Germany would like to offer some ideas on the following three topics:

(a) Preparation of Council and Assembly sessions;

(b) Communication;

(c) Further ideas to facilitate the work of the Authority.

2. In that context, key issues include a smooth workflow, transparency and greater involvement of States parties. The following considerations are not exhaustive and are meant to stimulate a discussion in the Council.

II. Preparation of Council and Assembly sessions

3. In order to facilitate the efficient preparation of Council sessions, the Secretary-General should ensure that Council members, observers and stakeholders are provided with revised versions of the draft regulations and other relevant documents well in advance of scheduled meetings with a view to allowing sufficient time to: (a) consider new or revised drafts; (b) consult with relevant national authorities; and (c) have the opportunity to submit written comments.

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4. The Council and the Assembly should, in close consultation with the Secretary-General and the secretariat, consider setting binding deadlines for the distribution of official documents before the beginning of each Council session.

5. In the time-consuming event of drafts needing to be translated into all the official languages of the United Nations, the Secretary-General is encouraged to circulate the English version in advance.

6. As documents of the Authority become more and more complex, documents submitted to the Assembly or the Council would benefit from a harmonized structure, which might include a summary and requested actions.

7. The provision of annotated agendas prior to Council and Assembly sessions is highly welcome. Efforts made by the Secretary-General in this regard are very much appreciated.

III. Communication

8. The commitment by the secretariat to constantly updating the website of the Authority and providing to States parties as much information as is feasible early on is highly appreciated.

9. However, the flow of information from the Authority to Council members, observers and stakeholders could be further improved.

10. Providing illustrations of the overall workflow, the various steps of the process and the planning of meetings could greatly facilitate the efficient preparation by States parties for Council and Assembly sessions. The Commission provided an example of a timeline in the annex to document ISBA/23/C/13, which could be further developed.

11. With regard to the interim periods between sessions of the Council, the secretariat could, in close consultation with the Commission, communicate at the end of each session a preliminary timeline that would: (a) describe the sequence of relevant events and meetings for the subsequent interim period, such as scheduled meetings of the Commission as well as their relevant internal deadlines; (b) provide a list of actions and related deadlines for the interim period, if applicable; and (c) outline, as far as possible, the structure of deliberations for the following Council session.

12. Such a communication would greatly facilitate internal discussions and consultations with and among national authorities as well as political decision-making at the national level in preparation for the following Council session, and would, at the same time, increase the transparency of ongoing processes within the Authority.

13. In the light of rule 6 of the rules of procedure of the Commission, the Commission is encouraged to make more frequent use of the option of holding open meetings, or meetings that are partly open, when issues of general interest to members of the Authority, which do not involve the discussion of confidential information, are being discussed.

14. With regard to the organization of workshops, it is suggested that Council members, observers and registered stakeholders obtain a list of all forthcoming workshops, preferably updated on a biannual basis. Workshops play an instrumental role in complementing our joint efforts in Kingston, thus highlighting the importance of open and transparent communication in this regard. Furthermore, the results of the workshops should be made publicly available as soon as possible following the events.

IV. Further ideas to facilitate the work of the Authority

15. In the light of the various challenging tasks currently faced by the Authority and its organs, as established by the United Nations Convention on the Law of the Sea and the Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, the provision of further assistance and support to the Authority has been considered.

16. In the recent past, external experts have provided valuable input to deliberations within the Authority, such as Richard Roth in his presentation entitled "Understanding the economics of seabed mining for polymetallic nodules". Such external opinions, which are commissioned in specific fields of expertise, contracted following proper calls for tender and governed by specific questions gathered by the secretariat, in close consultation with the Commission, the Finance Committee or the Council, as relevant, and subsequently presented and discussed in Council sessions, allow for a transparent and open debate on the basis of scientifically sound expertise.

17. In this regard, the Council should explore whether external expert opinions that meet the criteria mentioned above could be commissioned more extensively in future to assist the Commission, the Finance Committee and the Council. Such opinions could, for example, address environmental, commercial and technological questions, but might also provide ideas on more general topics, such as the application of the common heritage principle.

18. Furthermore, in the light of the ever-increasing workload of the Commission and the limited number of experts in certain fields, the Council is encouraged, in consultation with the Commission, to consider the establishment of an informal ad hoc working group for specific thematic fields, notwithstanding the provisions stipulated in the Convention and the Implementation Agreement.

19. Similarly, the Council could explore whether intersessional correspondence groups need to be established to assist the Authority with regard to specific topics or tasks.

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Item 10 of the provisional agenda of the Assembly*
Report and recommendations of the Finance Committee

Agenda item 13 of the Council
Report of the Finance Committee

Report of the Finance Committee

I. Introduction

1. During the twenty-fourth session of the International Seabed Authority, the Finance Committee held eight meetings between 9 and 12 July 2018. On 13 July, the Finance Committee and the Legal and Technical Commission held a joint meeting in an informal setting.

2. The following members of the Committee participated in the meetings during the twenty-fourth session: Frida María Armas-Pfirter, Duncan M. Laki, Konstantin G. Muraviov, Hiroshi Onuma, Didier Ortolland, Andrzej Przybycin, Kerry-Ann Spaulding, Ahila Sornarajah, Reinaldo Storani, Zhi Sun, Ye Minn Thein, Umasankar Yedla, David Wilkens and Kenneth Wong. James Ndirangu Waweru had informed the Secretary-General that he would be unable to attend the meetings.

3. On 9 July 2018, the Committee adopted its agenda (ISBA/24/FC/1) and re-elected Andrzej Przybycin as Chair and Ye Minn Thein as Vice-Chair.

II. Implementation of the budget for the financial period 2017

4. The Committee was provided with a report on the implementation of the budget for 2017 (ISBA/24/FC/9) following the new format by programme as introduced in the 2017 budget. The report indicates an implementation rate of 87.1 per cent. The Committee requested and received clarification of a number of issues, such as underexpenditure in general, including expenses on furniture, the implementation of the compensation package, official travel, participation in various United Nations common services and the implementation of International Public Sector Accounting Standards (IPSAS), which will be followed by the development of an enterprise resource planning system. The Committee took note of the report on the budget performance for the financial period 2017.

* ISBA/24/A/L.1.

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III. Review of costs of conference services and implementation of other cost-saving measures

5. The Committee received a detailed report on cost-saving measures, including cross-cutting measures resulting in savings of 20 per cent on conference costs for the twenty-fourth session (ISBA/24/FC/8). The Committee commended the Secretary-General for his efforts and achievements in adopting significant cost-saving measures, especially those to reduce the costs of conference services, and encouraged him to pursue them further. In particular, the Committee recommended that the possibility of purchasing air ticket fares through the liaison office in New York from the travel agent used by the United Nations be explored to benefit from a wider competitive market.

6. The Committee was satisfied with the use of remote interpretation, but requested some technical improvements. In view of the significant cost savings that could be made, the Committee recommended that the Assembly and the Council revisit the possibility of using remote interpretation services for their respective meetings if outstanding technical issues, including the quality of the interpretation, could be resolved.

IV. Status of the implementation of the International Public Sector Accounting Standards

7. The Committee was presented with a report on the progress made by the Authority towards the implementation of IPSAS (see ISBA/24/FC/6). The Committee took note of the fact that, for the first time, the financial statements had been prepared in full compliance with IPSAS with the application of the IPSAS standards related to employee benefits, the disclosure of financial instruments and intangible assets. The Committee also noted the plan for the full implementation of IPSAS over the biennium 2019–2020 by exploring the options of performing the necessary upgrades to the existing software or switching to a platform embedded in an enterprise resource planning system.

V. Audit report by Ernst and Young on the accounts of the International Seabed Authority for 2017

8. The Committee took note of the report of the auditor and its opinion that the financial statements of the Authority reflected fairly and truly the financial position of the Authority as at 31 December 2017. The Committee also noted the Authority's financial performance and cash flows for the year in accordance with the financial regulations of the Authority and in compliance with IPSAS.

9. The Committee expressed its satisfaction with the quality and clear presentation of the audit report as well as with the management letter that had been submitted for the first time, identifying certain shortcomings in the system of internal control structure. The Secretary-General indicated that steps for improvements were already being taken, such as the monthly reconciliation of funds.

10. With regard to long-standing arrears and doubtful provisioning, the Committee agreed with the Secretary-General's view, contrary to the recommendation of the auditor, that unpaid assessed contributions could not be written off, as they were sovereign debts and obligations of members of the Authority. Nevertheless, the Committee highlighted its concern that arrears were at a stage where the auditor had questioned the Authority's proper accounting. In that regard, the Committee

reaffirmed the significance of paying assessed contributions in full and in a timely manner. The fact that 52 member States had been in arrears for more than two years was of particular concern, as the Authority was committed to critical strategic programmes to implement its mandate. Furthermore, the Committee noted that member States in arrears for more than two years lost their voting rights and that the continued increase in those numbers posed a serious policy concern for the Authority. Reference was made to the use of appointing a focal point in New York responsible for raising awareness among States of the need to address their arrears.

11. The Committee commended the Secretary-General for the Authority's proper accounting records, as highlighted by the auditor in its report.

12. The Committee thanked the Secretary-General for the additional information provided.

VI. Status of the Endowment Fund for Marine Scientific Research in the Area and of the voluntary trust fund to support the participation of members of the Council of the International Seabed Authority from developing States in the meetings of the Council

13. The Committee took note of the balance of the Endowment Fund for Marine Scientific Research in the Area in the amount of $3,549,808 as at 30 June 2018 (see ISBA/24/FC/5), including interest accrued in 2018 of $32,433 intended to be used to support the participation of qualified scientists and technical personnel from developing countries in marine scientific research and approved programmes. With respect to the voluntary trust fund established on 18 August 2017 to support the participation of members of the Council of the Authority from developing States in the meetings of the Council, the balance was $69,667 as at 30 June 2018.

14. The Committee also reviewed the provisional terms of reference for the administration of the voluntary trust fund from its creation, which have been promulgated in the form of a Secretary-General's bulletin (ISBA/ST/SGB/2017/9). The Committee endorsed the terms with two amendments and made a recommendation. For practical reasons, the Committee specified that the use of the fund was for participation in one of the two parts of the session of the Council. The Committee also recommended the insertion of a sunset clause for any amounts remaining in the funds at the end of 2019. The Committee further recommended that the list of members in the annex to the provisional terms of reference be amended after each election of members of the Council by the Assembly. The amended terms of reference are reproduced in the annex to the present report.

VII. Status of the voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee, and related matters

15. The Committee expressed its deep concern over the negative balance of the voluntary trust fund in the amount of $45,299, fully advanced from the regular budget of the Authority as at 30 June 2018 (see ISBA/24/FC/7).

16. In view of the importance of the full participation of members from developing countries in the meetings of the Legal and Technical Commission and of the Finance Committee, especially during the development of the Authority's regulations on the exploitation of mineral resources in the Area, the Committee recommended that the Assembly and the Council request the Secretary-General to redouble efforts to encourage members of the Authority, as well as other States, relevant international organizations, academic, scientific and technical institutions, philanthropic organizations, corporations and private individuals, to make contributions.

17. The Committee welcomed the fact that some members who were eligible to request assistance from the fund had not availed themselves of that facility and invited and encouraged other members from middle income countries that were able to follow that example to do so.

18. The renewed appeals in 2017 for voluntary contributions have not been sufficient. If the current situation is not addressed immediately, members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries that depend on assistance will not be able to participate in their respective meetings.

19. In order to address a recurrent shortfall in the voluntary trust fund, the Committee requested the Council to consider the feasibility of one of the following options:

(a) A $2,500 contribution to the voluntary trust fund be included in the annual overhead charge invoice to contractors on a mandatory basis. This option will ensure some contributions to make up for a shortfall in the voluntary trust fund but may not be sufficient to respond to all requests for assistance from the fund without adequate contributions. The amount approximately reflects the proportion of costs attributable to the work on the supervision of the activities of contractors of the Commission's members who requested assistance from the fund. The contributions will be allocated as a deposit to the voluntary trust fund under regulation 7.1 (h) of the Financial Regulations of the Authority;

(b) As an interim solution and on a voluntary basis, an additional contribution of $6,000 or less[1] would be added to the annual overhead charge invoice to contractors on an opt-out basis. Contributions will be allocated as a contribution to the voluntary trust fund. This option maintains the voluntary nature of the contributions, while the use of "opt-out" makes it more likely that there will be more contributions to the fund than at present.

20. Alternatively, a one-off solution for the next financial period could be a transfer of $100,000 in the form of a reimbursable advance from the accumulated surplus of the Authority's administrative budget. Such a solution is clearly not sustainable and will affect the assessed contributions of the members, which would not be in line with the voluntary nature of the contributions to the fund.

VIII. Working Capital Fund

21. The Committee was provided with a report on the status of the working capital fund (ISBA/24/FC/2) with updates provided by the secretariat. The level of the Working Capital Fund has increased to $660,000, with the most recent increase of

[1] In the past, the average annual cost of funding participation in the meetings of the Commission and the Committee for members from developing countries amounted to $170,000. The amount of $6,000 represents the amount necessary from each contractor to provide the fund with $170,000.

$100,000 approved by the Assembly in 2016. The assessed amount of the advances is $659,995. As at 30 June 2018, the balance of the Working Capital Fund was $585,067, with a further $74,928 to be collected between 2018 and 2020. The Committee took note of the report on the status of the Working Capital Fund.

IX. Status of overhead charges for the administration and supervision of contracts for exploration and their reflection of costs actually and reasonably incurred

22. As requested in 2017, the Committee received a detailed assessment of the costs incurred for the administration and supervision of contracts for exploration after consultations with contractors on possible cost-saving measures (see ISBA/24/FC/3). The Committee also recalled that, in 2017, it had suggested that it would likely recommend an adjustment of overhead charges in 2018.

23. Based on an extrapolation method used by the secretariat, the report shows updated estimate of annual overhead costs of $63,908 per contract, an amount that reflects the variation of different factors since the establishment of those charges in 2013 (see ISBA/19/A/2).

24. The Committee agreed that there was a need to increase the overhead charges. Taking into account possible inaccuracies from the extrapolation method and following a conservative approach, the Committee recommended an amount of $60,000.

25. The Committee requested the secretariat to establish a more accurate methodology benefiting from the ongoing implementation of IPSAS in the accounting of the secretariat and to report by the twenty-sixth session the exact costs for the supervision and administration of the contracts for exploration for the Committee to take up that question accordingly. The Committee also recommended that the amount be reviewed more regularly in the light of the collection of data and revised methodology.

X. Rules, regulations and procedures on the equitable sharing of financial and other economic benefits derived from activities in the Area pursuant to section 9, paragraph 7 (f), of the annex to the 1994 Agreement

26. The Committee took note of the report of the Secretary-General (ISBA/24/FC/4), in which the complexity and the number of issues to be addressed for the development of equitable sharing criteria were highlighted.

27. As a way forward, the Committee requested that the Secretary-General prepare a study including suggested sharing criteria for consideration at the twenty-fifth session of the Authority. The Committee agreed to establish an informal group to work intersessionally to enable progress on this important issue, including through the exchange of views on macroeconomic, legal and political factors in a forum on the website of the Authority. The Committee also requested that the matter be kept on its agenda for its session in 2019 and that sufficient time be reserved for discussion at its next meeting. The Committee noted the importance of advancing the implementation of article 82 of the Convention in parallel, while avoiding the duplication of work.

XI. Proposed budget for the financial period 2019–2020

28. The Committee examined the proposed budget for the financial period 2019–2020 in the amount of $18,470,900 (see ISBA/24/A/5-ISBA/24/C/11).

29. The Committee expressed its appreciation for the clear and thorough preparation of the proposed budget. The proposed budget represents an increase of 7.8 per cent, from $17,130,700 for the previous biennium to $18,470,850. This increase in nominal value represents a 2.5 per cent increase in the contributions of the member States of the Authority. The proposed budget is composed of $12,288,310 for the administration of the secretariat, $3,084,000 for the costs of conference services and $3,098,540 for programme expenditure.

30. The Committee considered the increase in the core work of the Authority, namely, finalizing the regulatory framework for deep sea mining and the protection of the environment and the development of the regional environment management plans. It welcomed the significant reduction in the costs of conference services, by more than 20 per cent, and commended the Secretary-General for the transparency and reliability of the proposal. It asked about the increase in the "established posts" budget line, from $6,200,000 to $7,140,461, or 15.2 per cent. The Committee requested clarification of the "general temporary assistance" budget line, and the secretariat confirmed that two United Nations Volunteers for the archives digitization project and for support to the information technology unit had been included therein.

31. The Committee noted that the creation of four new regular positions would require additional expenditure of $900,000 over the biennium. In view of the Secretary-General's explanation, the Committee noted the need of those posts to strengthen and enhance the capabilities of the Authority and enable it to meet new demands.

32. The Committee requested explanations on the large increase (20.2 per cent) in official travel. The Secretary-General explained that that budget line had always been underbudgeted (28.3 per cent overspending in 2017) and that the increase reflected the need for a larger travel budget. He added that the previous practice was inconsistent in that travel had sometimes been included in programme budgets.

33. The Committee also sought clarifications with respect to consultants, training, external printing, supplies and materials, hospitality, the redesign of the website of the Authority, the United Nations common system and IPSAS. The Secretary-General gave necessary and adequate responses and, in particular for the IPSAS budget line, explained that there had been no expenditure as all training had been received and that the budget line had been kept to finance the survey necessary for the design or selection of an enterprise resource planning system to enable the Authority to have administrative and financial processes that were IPSAS compliant.

34. Following the provision of supplementary information, including on the four new proposed posts, and the discussion in the Committee, the Secretary-General provided the Committee with a revised budget proposal for the financial period 2019–2020 in the amount of $18,235,850 (see ISBA/24/A/5/Corr.1-ISBA/24/C/11/Corr.1).

35. The Committee decided to recommend the approval of the proposed budget for the financial period 2019–2020 in the amount of $18,235,850, which represents a nominal increase of 6.5 per cent.

36. The Committee expressed its gratitude to the Secretary-General for providing further detail and explanation upon request and recommended that the Secretary-General be authorized to transfer between sections, subsections and programmes up to 20 per cent of the amount of each section, subsection or programme.

XII. Indicative scale of assessed contributions of members of the Authority to the administrative budget for the financial period 2019–2020

37. The Committee recommended that, in line with article 160, paragraph 2 (e), of the United Nations Convention on the Law of the Sea, the scale of assessments to the administrative budget of the Authority for 2019 and 2020 be based on the scale of assessments to the regular budget of the United Nations for the years 2016, 2017 and 2018 for the year 2019, taking into account the ceiling assessment rate of 22 per cent and the floor assessment rate of 0.01 per cent, differences in membership and the contribution of the European Union.

XIII. Other matters

A. Implementation of the budget from 1 January 2018 to 31 May 2018

38. The Committee noted with satisfaction the report on the budget performance in the first five months of 2018, with additional information provided on staffing, travel and workshops.

B. United Nations House project

39. The Committee took note of a report of the Secretary-General on the implications for the Authority of the United Nations House project, in which it was outlined that participation in the first phase would cost $31,643.24, payable in 2018. The Committee requested the Secretary-General to continue to inform the Committee on future developments.

XIV. Recommendations of the Finance Committee

40. In view of the foregoing, the Committee recommends that the Council and the Assembly of the Authority:

(a) Approve the budget for the financial period 2019–2020 in the amount of $18,235,850, as proposed by the Secretary-General (see ISBA/24/A/5/Corr.1-ISBA/24/C/11/Corr.1);

(b) Take note with appreciation of the significant reduction in the costs of conference services and the transfer of the resources made available by those savings to the programmes of the Authority;

(c) Authorize the Secretary-General to establish the scale of assessments for 2019 and 2020 on the basis of the scale used for the regular budget of the United Nations for the years 2016, 2017 and 2018 for the year 2019, taking into account that the maximum assessment rate will be 22 per cent and the minimum rate 0.01 per cent;

(d) Authorize the Secretary-General, for 2019 and 2020, to transfer between sections, subsections and programmes up to 20 per cent of the amount of each section, subsection or programme;

(e) Urge the members of the Authority to pay their assessed contributions to the budget on time and in full;

(f) Note with concern the increasing amounts of outstanding contributions, appeal once more to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible and request the Secretary-General, at his discretion, to continue his efforts to recover those amounts;

(g) Urge members and other possible donors to make voluntary contributions to the Endowment Fund and voluntary trust funds of the Authority;

(h) Express its deep concern over the negative balance of the voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee and consider the feasibility of one of the options identified in paragraphs 19 and 20 of the present report;

(i) Recommend an increase in the annual overhead charge referred to in section 10.5 of the standard clauses for exploration contracts, from $47,000 to $60,000 effective 1 January 2019;

(j) Revisit the possibility of using remote interpretation services for the meetings of the Assembly and the Council if outstanding technical issues, including the quality of the interpretation, can be resolved;

(k) Adopt the terms of reference for the voluntary trust fund to support the participation of members of the Council of the Authority from developing States in the meetings of the Council as contained in the annex to the present report.

Annex

Terms of reference for the voluntary trust fund to support the participation of members of the Council of the International Seabed Authority from developing States in the meetings of the Council

1. Pursuant to the financial regulations of the International Seabed Authority, a voluntary trust fund has been established to support the participation of members of the Council of the Authority from developing States.

I. Object and purpose of the trust fund

2. In its decision ISBA/23/A/13 dated 18 August 2017 relating to the final report on the first periodic review of the international regime of the Area pursuant to article 154 of the United Nations Convention on the Law of the Sea, the Assembly requested the Secretary-General to establish a voluntary trust fund to support the participation of members of the Council from developing States in the second annual meeting of the Council.

3. The objective of the fund is to defray the cost of participation of members of the Council from developing States in one of the two parts of the annual session of the Council scheduled for 2018 and 2019, respectively, during the time where there are two meetings of the Council per year.

II. Establishment

4. The fund is established pursuant to financial regulation 5.5 and shall be administered in accordance with the financial regulations of the Authority, as provided in financial regulation 5.6.

III. Contributions to the fund

5. Member States, observers and other stakeholders are encouraged to contribute financially to the voluntary trust fund. Other stakeholders may include, but are not limited to: other States; contractors with the Authority; relevant international organizations; academic, scientific and technical institutions; philanthropic organizations; corporations and private individuals; and non-governmental organizations.

IV. Implementing office

6. The Office for Administrative Service of the Secretariat is the implementing office for the fund and provides the services for its operation.

V. Report on the status of the fund

7. The Secretary-General shall report annually to the Finance Committee for its review of the use and status of the fund. The Secretary-General shall also report annually to the Assembly on the status of the fund.

VI. Terms of reference for the administration of the fund

8. The use of the fund is subject to the following conditions:

(a) A formal request by the Government of the State, containing the name of the delegate to be supported, must be communicated to the Secretariat no later than three months prior to the opening of the respective meeting of the Council. Late requests shall not be considered;

(b) Only members of the Council from developing States are eligible for support from the fund. However, in the event that the amount available in the fund is not sufficient to meet all requests for support, priority shall be given to members of the Council from least developed countries. A list of eligible States based on the composition of the Council for 2018 is attached in the annex to the present terms of reference, subject to revision following each election of the members of the Council;

(c) The fund shall be used to support the participation of one member of the delegation of an eligible developing State member of the Council in only one of the two meetings of the Council per year, as normally scheduled in February/March and July/August;

(d) For each member of the Council, only one delegate may benefit from support from the fund;

(e) Support shall be limited to economy class airfare by the most economical and direct route from either the capital or the official place of posting and to a daily subsistence allowance for up to a maximum of five days;

(f) The Secretary-General should inform the Government concerned of the outcome of the request in a timely manner.

9. Unless the Assembly of the Authority decides otherwise, any funds remaining at the end of the year 2019 will be transferred to the voluntary trust fund for the purpose of defraying the cost of participation of members of the Legal and Technical Commission from developing countries and members of the Finance Committee from developing countries in the meetings of the Commission and of the Committee, and the fund will be closed.

Annex

Developing States members of the Council in 2018

Algeria	China	Jamaica	Singapore
Argentina	Côte d'Ivoire	Lesotho	South Africa
Bangladesh	Fiji	Mexico	Trinidad and Tobago
Brazil	Ghana	Morocco	Tonga
Cameroon	India	Nigeria	Uganda
Chile	Indonesia	Panama	

Least developed countries members of the Council in 2018

Bangladesh	Lesotho	Uganda

International Seabed Authority ISBA/24/C/20

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Agenda item 11

Draft regulations on exploitation of mineral resources in the Area

Note by the Legal and Technical Commission

I. Introduction

1. At its meetings in March 2018, the Legal and Technical Commission continued its discussion on the draft regulations on the exploitation of mineral resources in the Area. This included consideration of the requests made by the Council to the Commission (see ISBA/24/C/8, sect. VIII), and responses made by members of the Authority and other stakeholders to the draft regulations issued in August 2017 by the secretariat.[1]

2. In the light of the Commission's comments, the secretariat prepared a revised text for the Commission's consideration at its July meetings (see ISBA/24/LTC/WP.1 and ISBA/24/LTC/WP.1/Add.1). A note providing an overview of the structure and content of the revised draft and other matters for the Commission's inputs, together with a flowchart of the application approval process was also prepared by the secretariat (see ISBA/24/LTC/6). At its July 2018 meetings, the Commission made further progress in developing the draft regulations and has issued a revised text (ISBA/24/LTC/WP.1/Rev.1).[2]

3. The purpose of the present note is to provide an update to the Council on the requests made to the Commission and to highlight those matters requiring further investigation or study by the Commission and matters requiring the Council's direction or guidance (see ISBA/24/C/8, para. 20). In addition, to assist the Council in its forthcoming deliberations on the draft regulations, the annex to the present note provides commentary on specific draft regulations. The present note addresses the majority of the requests made by the Council in relation to the draft regulations and

[1] ISBA/23/LTC/CRP.3.

[2] The revised document incorporates document ISBA/24/LTC/WP.1/Add.1 (draft environmental impact statement template). Text boxes are used in document ISBA/24/LTC/WP.1/Rev.1 to highlight key changes to the regulatory text of ISBA/24/LTC/WP.1. There is no change either to the structure of the parts or to the draft regulation numbering between the documents.

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highlights key matters discussed by the Commission and, where applicable, action to be taken.

4. The present note does not provide an update on the development of an economic model for mining activities in the Area and associated financial terms for future exploitation contracts. Following on from a joint meeting with the Finance Committee on 13 July 2018 to discuss a work programme for the payment mechanism and equitable sharing criteria (as requested by the Council: see ISBA/24/C/8, para. 22 (j)), an oral report will be made to the Council by the respective chairs of the Committee and the Commission, which will include an update on the work to be undertaken by both the Committee and the Commission.

II. Key matters requiring further investigation or study by the Commission

5. There are a number of areas that require continuing examination by the Commission. These are as follows:

6. **Common heritage of mankind** (see ISBA/24/C/8, para. 22 (a)). The Council requested that the Commission consider ways in which the principle of the common heritage of mankind can be reinforced in the operative provisions in the regulations, including assessment at the application process. While the Commission examined this issue and has proposed specific regulatory text,[3] the Commission considers that this remains an ongoing issue for examination as the regulations undergo further development. This will include, in particular, the extent to which a proposed plan of work contributes to realizing benefits for mankind as a whole, and how this will be assessed (see draft regulation 12, para. 4).

7. **Information flowing from activities under an exploration contract and an application for the approval of a plan of work for exploitation** (see ISBA/24/C/8, para. 22 (b)). The Commission examined the documentation and information requirements under section 11 of a standard exploration contract and its relevance in supporting an application for exploitation. The Mining Workplan (draft regulations, annex II) now reflects this data and information requirement, recognizing the continuum between exploration and exploitation activities. The Commission notes that guidelines will be required to clarify specific information requirements against the content headings of the Mining Workplan. The data and information requirements flowing from section 11 of the standard clauses of the exploration contract, together with the accompanying pre-feasibility or feasibility study, will be key to the review of an application by the Commission.

8. **Determining how exploration activities under an exploitation contract would be regulated** (see ISBA/24/C/8, para. 22 (b) (iv)). The Commission continued to examine how exploration activities under an exploitation contract would be regulated (see ISBA/24/LTC/6, paras. 26–28).

9. *Resource-specific provisions* (see ISBA/24/C/8, para. 22 (l)): The Commission will keep this matter under review and proposes that resource-specific requirements could be dealt with in annexures to the regulations. To this end, the Commission has asked the secretariat to reflect on a suggested process for the adoption of technical annexures, with reference to existing best practice under other international instruments.

10. **Timelines and deadlines** (see ISBA/24/C/8, para. 22 (o) (ix)). The Commission concurs with the requirement for certainty in the regulatory process, both at the stage

[3] See draft regulations 2 (1) and (2), 12 (4) and 16 (1).

of application and ongoing regulation. While a number of regulatory provisions do specify clear timelines for decision-making and review processes, there remain a number of references to, for example, the Commission's consideration of documentation "at its next available meeting" (e.g., draft regulation 9, para. 2; draft regulation 21, para. 3; draft regulation 24, para. 3). Similarly, the timing of meetings of the Council will also impact timelines. The Commission considers that the institutional functioning of the Authority must be kept under review for the purpose of regulatory approvals, and ways and means identified to facilitate the approvals process.

11. **Adverse effects on developing countries** (see ISBA/24/C/8, para. 26). At its March 2018 meetings, the Commission reflected on the relevant text from the United Nations Convention on the Law of the Sea and the 1994 Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea. In connection with advancing a study of the potential impact of mineral production from the Area, the Commission notes that the terms of reference for a study remains work in progress by the Commission and will be presented to the Commission for adoption in March 2019. The timing of an impact study will be provided to the Council in July 2019. The Commission does note that a new draft regulation (draft regulation 3 (g)) was inserted to anticipate a need for data and information to prepare future impact studies as exploitation activities advance.

12. **Matters relating to sponsoring States** (see ISBA/24/C/8, paras. 31–33). The Commission notes the importance of clarifying the respective roles of the Authority and sponsoring States. The Commission understands that the secretariat is advancing discussions with the International Maritime Organization as regards jurisdictional competence and areas of cooperation and will examine these matters in connection with sponsoring States with a view to the development of a matrix of duties and responsibilities of regulatory actors.

13. **Standards and guidelines** (see ISBA/24/C/8, paras. 35–39). In connection with standards development, the Commission has prepared broad terms of reference for a multi-stakeholder workshop to examine and draw up a list of standards relevant to activities in the Area. The workshop will consider a process for the development of standards, together with the preparation of an indicative list of standards by subject area. The workshop will also reflect on the issue of which standards should be legally binding and how standards are best reflected and incorporated into the regulations. The Commission has requested the secretariat to develop a workplan based on the terms of reference, with a view to facilitating a first workshop in the first quarter of 2019. The Commission also requested that the terms of reference draw upon the work already undertaken at a workshop held in Berlin in March 2017.[4]

14. As to the development of guidelines, the Commission requested the secretariat to provide a list of those guidelines referred to in the draft regulations, together with indicative content, and for the Commission's review and recommendations on a way forward in March 2019, including consideration of a subsequent workshop.

15. **Environmental policy framework** (see ISBA/24/C/8, para. 40 (c)). The Commission notes the importance of developing an overarching environmental policy framework and the significance of regional environmental management plans under such a framework. In view of two recent workshops on regional environmental

[4] ISA Technical Study No. 17, *Towards an ISA Environmental Management Strategy for the Area. Report of an International Workshop convened by the German Environment Agency (UBA), the German Federal Institute for Geosciences and Natural Resources (BGR) and the Secretariat of the International Seabed Authority (ISA) in Berlin, Germany, 20–24 March 2017.*

management plans[5] and the existing environmental management plan for the Clarion-Clipperton Fracture Zone, the Commission will reflect on the specific content of a framework at its March 2019 meetings.

16. **Contract area and mining area** (see ISBA/24/C/8, para. 22 (o) (vii)). The Commission considers that the draft regulations now provide clear definitions for, and distinction between, these two areas. The Commission will keep these concepts under review as the regulations progress, and revert to the Council for any guidance.

17. **Amendments to the proposed Plan of Work** (draft regulation 15 (2)). This draft regulation allows the Commission to suggest amendments to the proposed Plan of Work, prior to the Commission's recommendations to the Council. The regulation provides that an applicant may agree to or reject the suggested amendments or make an alternative proposal to the Commission, but does not provide clarity on what happens if an applicant rejects outright any proposed amendment by the Commission. The Commission will continue to consider the content and implementation of this draft regulation.

18. **Terminology**. the Commission highlights that a number of terms and phrases in the current draft text may require further consideration to provide certainty in operationalizing the legal framework, either in the draft regulations or subsequent guidelines, for example, the use of the word "optimize" (see draft regulation 29, para. 1). The Commission notes that other terms referred by the Council (e.g., the definition of commercial production: see ISBA/24/C/8, para. 27 (e)) remain for further examination by the Commission.

III. Matters requiring the Council's direction, guidance or comment

19. The Council is invited to consider the following items as part of its review of the revised draft regulations and to provide the Commission with further direction, guidance or comments.

20. **Structure of the draft regulations** (see ISBA/24/C/8, para. 22 (o) (i)). The Commission has re-examined the structure and activity flow of the relevant parts of the draft regulations. While this matter will remain under review, the Commission welcomes any further observations from the Council as to the structure and flow of the parts and underlying regulations.

21. **Balance of rights and obligations** (see ISBA/24/C/8, paras. 22 (o) (ii) and 40 (e)). Does the Council now consider that the draft regulations (a) reflect the appropriate balance of a contractor's rights and obligations, in particular in part III, and (b) that part IV (together with VI and related annexures) adequately addresses the effective protection of the marine environment (bearing in mind the need to develop an appropriate mix of standards and guidelines)?[6]

22. **Balance between certainty and predictability, as well as flexibility and adaptability** (see ISBA/24/C/8, para. 22 (m)). The Commission is conscious of the need to develop a regulatory framework that provides certainty, predictability and

[5] Workshop for Developing a Framework for Regional Environmental Management Plans for Polymetallic Sulphide Deposits in Mid-Ocean Ridges, held in Szczecin, Poland from 27 to 29 June 2018; Workshop on Development of a Regional Environmental Management Plan, held in Qingdao, Shandong Province, China, from 26 to 29 May 2018.

[6] The Commission takes note of the Council's request at paragraphs 22 (f) and (g) of document ISBA/24/C/8 relating to the viability of the regulations from a technology, scientific and environmental perspective, and in considering the commercial viability of the regulatory provisions, and will keep these under review as the regulatory framework progresses.

stability for the contractor base and other stakeholders, while at the same time providing flexibility and adaptability to adjust the framework as the industry develops and new knowledge becomes available. That balance, at times, is a delicate one. Subject to draft regulations 50, 55 and 56, the Authority's ability to amend an individual exploitation contract and underlying plan of work is restricted by the contract, in particular the security of tenure provision. That said, under an exploitation contract, a contractor must comply with the regulations, and other rules of the Authority, as amended from time to time (see sect. 3.3 (a), Standard clauses for exploitation contract, ISBA/24/LTC/WP.1/Rev.1). Equally, a contractor must carry out its activities in accordance with good industry practice, which includes the standards adopted by the Authority. It must also observe any guidelines, as far as reasonably practicable (see draft regulations, sect. 3.3 (c), Standard clauses for exploitation contract, annex X). Any amendments to the regulations, adoption of standards or the issue of guidelines having a material impact on contractor operations should be consulted on in advance of any amendments or adoption. In the light of these provisions, does the Council consider that the existing provisions provide an appropriate balance between certainty and predictability, as well as providing flexibility and adaptability?

23. **The roles of organs of the Authority and the balance of authority** (see ISBA/24/C/8, para. 42). This was a matter placed before the Council in March 2018 as one of six common themes (ISBA/24/C/CRP.1, annex VI), including consideration of the need for efficient decision-making in the implementation of the regulations.

24. The Commission has examined the balance of authority in the draft regulations. Compared with earlier drafts, the draft regulations now requiring the consent or approval of the Council are draft regulation 23 (Use of exploitation contract as security); draft regulation 24 (Transfer of rights and obligations); and draft regulation 26 (Documents to be submitted prior to production). The Secretary-General has decision-making authority in connection with draft regulation 25 (Change of control); draft regulation 31 (Optimal Exploitation under a Plan of Work); draft regulation 38 (Insurance (modification)); and draft regulation 101 (Compliance notice and termination of exploitation contract).

25. It is noted that draft regulations 26 and 55 (Modification of a Plan of Work by a Contractor) do give rise to potential delays in the recommendation (Commission) and approval (Council) processes. The Commission noted the Council's observation that provisional decision-making by the Secretary-General may be an option. This may give rise to uncertainty and risk in the legal framework, if such decisions are implemented by a contractor but subsequently overturned by the Council. Consequently, the Commission invites guidance or comments from the Council as to whether the provisions of the draft regulations set out in paragraph 24 above reflect an appropriate balance of authority, bearing in mind the time taken for decision-making. In particular, the Council is requested to provide guidance on whether there are functions that could be delegated to the Secretary-General under an appropriate authority and guidance framework.

26. **Confidentiality of information** (draft regulation 87). The Commission is of the view, in the light of prior stakeholder submissions and of the need for transparency in data and information availability, that the starting point for confidentiality of information is one of a presumption of the public availability of data and information in relation to an exploitation contract and the activities undertaken under such a contract. From this starting point, a list of confidential data and information would be developed. The Commission invites the Council to consider whether the proposed starting point for the development of a confidentiality regime, as set out in draft regulation 87, paragraph 1, is appropriate.

27. **Annual fixed fee** (draft regulation 83, para. 5). Under section 8, paragraph 1 (d) of the annex to the 1994 Agreement, an annual fixed fee is payable from the date of commencement of commercial production and may be credited against other payments due by a contractor under the system of payments adopted. While the basis for the calculation of the fee is being evaluated by the Commission, the Council is invited to provide guidance on the circumstances under which the annual fixed fee would be credited against other payments.

IV. Other matters

28. In the course of the Commission's discussions, a number of other matters were raised for future consideration by the Commission, including the following.

29. **Inspection mechanism** (part XI). In the course of its review of this part, the Commission noted its obligation to make recommendations to the Council regarding the direction and supervision of a staff of inspectors (see Convention, art. 165 (2) (m)). The Commission requested that the secretariat outline possible inspection mechanisms, including the focal points for such inspections, interaction with sponsoring States mechanisms, developing a code of conduct for inspectors and the use of remote monitoring technologies.

30. It was noted that, as part of a comprehensive environmental (and social) assessment process that additional consideration be given to the potential for adverse socioeconomic impacts of future mining activities (e.g., on fisheries, including any impacts on small island developing States). It was considered that, while the environmental impact statement provided for such consideration,[7] future environmental impact assessment guidelines would need to reflect the potential for such impacts.

[7] See draft Environmental Impact Statement template, sect. 9 (ISBA/24/LTC/WP.1/Rev.1, annex IV).

Annex

Draft regulation (see ISBA/24/LTC/WP.1/Rev.1)	*Regulation heading*	*Reference to ISBA/24/C/8 (where applicable)*	*Comments by the Commission on the text of specific regulations*
2	Fundamental principles	Para. 40 (e) (iv)	Paragraph 8 of this draft regulation promotes the application of these key principles and that activities are undertaken in conformity with such principles. The wording will be revisited given the circular nature of the language in paragraph 8 and the introductory paragraph.
3	Duty to cooperate and exchange of information		The duty to cooperate is fundamental to the implementation of the regulations, and the text of this draft regulation has been expanded and moved to part I (i.e., as compared with its content and positioning in earlier drafts).
13	Assessment of applicants		The Commission noted that guidelines would be needed to support implementation of the criteria and the parameters for the Commission's determination of the financial capability and technical capability of an applicant, and that a plan of work is technically achievable and economically viable (draft regulation 13 (4) (a)).
14	Consideration of the environmental plans by the Commission		The Commission will examine this regulation, in particular the criteria to be applied for its determination under paragraph 2 and the relevant spatial scale.
19	Rights and exclusivity under an exploitation contract	Para. 22 (o) (ii) and (vii)	This draft regulation clarifies a contractor's exclusive right to Explore for, and Exploit the mineral resource by reference to the definitions in schedule 1.
21	Term of exploitation contracts		The Commission will consider further the documentation requirements under paragraph 2 as regards a renewal, including a revised plan of work.
22	Termination of sponsorship	Para. 33 (a)	The 12-month termination period under draft regulation 22 (2) remains an open issue for discussion. The rationale for increasing the term to 12 months (from 6 months under the exploration regulations) is in recognition that it could take some time for a contractor to locate another sponsoring State.
23	Use of exploitation contract as security	Para. 33 (c)	This remains a complex and technical regulation to implement. To advance thinking on this matter, the Commission requires a number of questions to be addressed, including: what are the alternatives for raising finance? What are the potential financing structures and the location of financing vehicles? What are the typical terms of any potential encumbrance? In what jurisdiction would any claim be enforced? What is the position of the original transferor? The Commission has requested that the secretariat advance discussions with contractors to understand possible financing arrangements, and their implications.

Draft regulation (see ISBA/24/LTC/WP.1/Rev.1)	*Regulation heading*	*Reference to ISBA/24/C/R (where applicable)*	*Comments by the Commission on the text of specific regulations*
24	Transfer of rights and obligations		The Commission will consider the implications of paragraph 10 of this draft regulation and section 14.3 of the standard clauses for exploitation contract. The Commission noted that a number of national regimes provide for a tax, or other such levy, on the transfer of rights for mining or petroleum production and that this should be considered as part of ongoing discussions on the system of payments.
25	Change of control		This draft regulation is not related to a change of control per se, but the consequences of such change on the financial capability of a contractor. That is, there is no requirement for prior consent but a review as to whether the contractor will continue to meet its financial obligations, including that of the Environmental Performance Guarantee.
26	Documents to be submitted prior to production		Substantive changes have been made following discussions within the Commission as regards delivery of a feasibility study and the subsequent review and approval mechanism. The focus is now placed on any Material Changes to the plan of work approved at the application stage. The language in this draft regulation is a major departure from the original text of draft regulation 29 in document ISBA/23/LTC/CRP.3.
27	Environmental performance guarantee	Para. 22 (o) (iv)	The content of this draft regulation has been expanded as to the purpose of an environmental performance guarantee and events that would trigger a review of the amount of the guarantee. The content is considered provisional until discussion is advanced, in particular with regard to the objective and purpose of such a guarantee, and in connection with other environmental incentive approaches (in particular, funds, insurance, fees, liability).
31	Optimal Exploitation under a Plan of Work		The Commission noted a number of concerns expressed by stakeholders in connection with this draft regulation, as it is perceived as regulating the production rate per se, and may not be the most effective way to ensure that mining activities are commercially efficient and environmentally sensitive. Suggestions from stakeholders included that the Authority should make recommendations of an advisory nature or provide for a notification procedure where the production rate deviates by a particular percentage from a mining workplan. The Commission notes that the intention of this draft regulation is not to regulate commercial production but for the Authority to have oversight in ensuring that the resources of the common heritage are being mined and processed according to good industry practice. The Commission further notes a similar provision in section 51 of the Mineral and Petroleum Resources Development Act of South Africa. The revised text in document ISBA/24/LTC/WP.1/Rev.1 now reflects a more consultative approach between the contractor and the Secretary-General in the implementation of this regulation, rather than the Secretary-General being in a position to issue corrective measures. This

Draft regulation (see ISBA/24/LTC/WP.1/Rev.1)	*Regulation heading*	*Reference to ISBA/24/C/8 (where applicable)*	*Comments by the Commission on the text of specific regulations*
			recognizes that an approved Mining Workplan is in place, but that its modification may be required for the circumstances contemplated under the draft regulation.
33	Reasonable regard for other activities in the Marine Environment	Para. 22 (o) (v)	While document ISBA/24/LTC/WP.1 now reflects a reciprocal obligation in respect of reasonable regard, the Commission notes that any future processes, such as that of consultation with other users, may require outlining, in particular with regard to the roles and responsibilities of the Authority, sponsoring States and contractors in such consultation processes.
38	Insurance	Para. 22 (o) (x)	This draft regulation is a placeholder and is subject to further investigation as to specific insurance requirements. Insurance requirements, and what categories of insurance are or will be commercially available (e.g., environmental liability insurance), remain to be investigated, together with post-closure obligations and their duration.
46 bis.	Environmental Impact Statement	Para. 40 (e) (i)	The requirements for the delivery of a comprehensive environmental impact assessment need further discussion: the Commission has asked the secretariat to give this due consideration as to timing and process for development.
46 ter.	Environmental Management and Monitoring Plan	Para. 40 (e) (ii)	Comments as for draft regulation 46 bis.
48	Restriction on Mining Discharges	Para. 40 (f)	The Authority is now a sponsoring organization of the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection. Working group 42 of the Joint Group is considering the impacts of wastes and other matter in the marine environment from mining operations. The Commission considers that the work of this group is of relevance to the International Seabed Authority, and will consider the working group's report, currently under preparation, in due course.
52–54	Environmental Liability Trust Fund	Para. 25 (n)	These draft regulations are placeholders for further discussion as to the most appropriate environmental performance incentive tools and for compensation for environmental damage. The concept of such a fund was put forward by the Seabed Disputes Chamber in its Advisory Opinion of 1 February 2011 to cover, specifically any environmental liability gap. The rationale for such a fund, its purpose (and its sources of funding) requires discussion as part of an overall environmental incentive mechanism.

Draft regulation (see ISBA/24/LTC/WP.1/Rev.1)	*Regulation heading*	*Reference to ISBA/24/C/8 (where applicable)*	*Comments by the Commission on the text of specific regulations*
55	Modification of a plan of work by a contractor		This draft regulation is now focused on a material change and the related process and approval mechanism, including with regard to a material change to the environmental plans. What constitutes a material change will need to be informed by guidelines. The Commission has requested the secretariat to seek best practice guidance on this and to examine the definition of material change in schedule 1.
61	Incentives	Paras. 25 (n) and 28	The Commission has requested that the secretariat update its study of mining fiscal regimes in the light of recent changes to and developments in extractive industry fiscal regimes. This will also include a review of possible incentive structures for consideration by the Commission.
83	Annual fixed fee	Para. 27 (d)	The Commission notes that this annual fee, its purpose, function and basis for calculation requires re-evaluation.
87	Confidentiality of information		In the light of stakeholder responses, the Commission considers that developing a list of what constitutes confidential information is a good basis on which to advance the issue of confidentiality in a practical way. While the Commission acknowledges that certain broad categories of information (e.g., environmental information) should be made publicly available, other categories, such as technological data, may be kept confidential for some time. That is, certain information will only become publicly available at different times. While it may be too early to identify a definitive list, an indicative list should be prepared which would be considered dynamic in nature, and populated with further detail over time. The Commission considers the following questions as key to advance discussion: • What is the starting point? A presumption of public availability? • What are the criteria for building a list of confidential data? • What goes into the list, i.e., with regard to the degree of specificity? • What is the process, including that for amending the list, and a process for validating the list (e.g., Council decision?). The Commission also identified a practical issue in connection with the development of standards and how the issue of confidentiality would impact this. The Commission noted that the Guidelines for reporting and submission of offshore petroleum data of the Government of Australia could be a useful reference point in developing an information classification list. Further advice will be sought in connection with intellectual property protection regimes.

Draft regulation (see ISBA/24/LTC/WP.1/Rev.1)	*Regulation heading*	*Reference to ISBA/24/C/8 (where applicable)*	*Comments by the Commission on the text of specific regulations*
104	Settlement of disputes	Para. 22 (o) (viii)	The administrative review mechanism contained in draft regulation 93 in document ISBA/23/LTC/CRP.3 has been deleted, in the light of stakeholder feedback, in particular that of member States of the Authority expressing concern that such a mechanism could undermine the finely crafted dispute mechanism in the United Nations Convention on the Law of the Sea.
Appendix IV	Determination of a royalty liability		The Commission has established a working group to consider the design of the metals baskets and their valuation for the three mineral resource categories, recognizing the variation in constituent metals, and metal grades.
Schedule 1	Best available techniques	Para. 22 (e)	The Commission considered the value of incorporating the concept of best available techniques into the draft regulations, in order to both guide and foster the development of technology, while recognizing that further work is required to develop the concept, on its placement in the relevant parts of the regulations and on ongoing development and review mechanisms. Given the dynamic nature of this concept, and facilitating the necessary adaptability and flexibility to develop technology, criteria for best available techniques must be developed. Note: A workshop on risk will be held in November 2018 to discuss and to suggest criteria for best available techniques.
Schedule 1	Best environmental practice		Given the dynamic nature of this concept, the Commission considers that criteria must be developed for its operationalization.
Schedule 1	Exploit and Exploitation	Para. 22 (b) (iii)	The definition for Exploitation has reverted to that in the exploration regulations, except for the addition of "with exclusive rights", decommissioning and closure, and reflecting the boundary of activities in the Area.
Schedule 1	Good Industry Practice	Para. 40 (e) (iii)	This content of this definition remains as a placeholder for further discussion.
Schedule 1 (ISBA/23/LTC/CRP.3)	*Environmental Impact Area* (deleted)		The Commission considered that the concept of an "environmental impact area" may be misleading under the exploitation regulations (as highlighted by some stakeholders), not least the relationship with area-based monitoring tools such as impact reference zones and preservation reference zones. The concept of an "impact area" (project area) will be identified in the environmental impact assessment process, as modified by the environmental impact assessment process itself and under a subsequent environmental management and monitoring plan. The Commission noted that, as regards such "impact areas", [illegible] those impacts having the potential to affect areas beyond the boundary of the contract area, and what considerations or requirements must be reflected to take account of this.